

The week in London and New York

MLR cut boosts gilts

A bad start

ONLOOKER

THE MOVEMENT of sterling and the prospect of a further cut in interest rates have concentrated the market's attention on gilts this week. Gilts opened with a rise of up to 1 point on the hope of a cut in MLR but the effects of a stronger pound on the overseas earnings of major U.K. companies meant that equities were in little demand.

The story was much the same in early dealings on Wednesday but once it became apparent that buyers had to take up larger than expected amounts of the short "tap stock" gilts, the day slightly lower. But the pendulum swung the other way on Thursday following the overnight decision by the U.S. authorities to support the dollar. The Financial Times Industrial Ordinary Index rose 6.7 on the day while gilts fell 1 point. However the 1 point cut in MLR and the lack of any new tap stock left gilts looking stronger at the close yesterday.

Coral holidays

The stock market was hardly enchanted by the news late on Thursday that Coral Leisure was bidding around £55m in shares and cash for Pontin's, the holiday camp company. Coral's share price, one of the top performers last year (rising 149 per cent.), fell 9p to 134p as the bid was announced and yesterday more than £1m. was knocked off the value of the deal as the shares tumbled another 6p.

The bid represents around 15 times Pontin's forecast earnings and buys net assets of around £43m. The market, Pontin's shareholders apart, clearly regards this as too high a price to pay — particularly as Coral's share price has been falling since the announcement. The motivation behind Coral's bid is the group's desire to improve the quality of its income and find other sources of income away from the politically sensitive, but highly successful areas of gambling and casinos — "something which the City and the financial press have been telling us to do for years," says group chairman Nicholas Coral.

But some City analysts were saying yesterday that the deal was a retrograde step with a large slice of Pontin's profits coming from camp-site activities including bingo and other forms of gambling — and that Coral's image as a growth stock would suffer by the takeover. The group's first major diversification came last summer with the £16.7m. takeover of Centre Hotels and the critics of

Beer & spirit prices

Distillers has gone forward with its application to the Price Commission for a big jump in whisky prices. When the EEC Commission declared the group's dual pricing policy unlawful just before Christmas, Distillers announced its intention to withdraw some brands from the home market and apply for price increases on the rest of £6 a case.

But Distillers look to be playing a political game. It is very unlikely that the Price Commission will entertain that sort of rise. Perhaps the company can justify a £2 increase but that would still leave U.K. prices out of step with the Continent. Then Distillers might withdraw more brands but that would only aggravate relations with the Commission, which are not exactly good following the removal of Johnnie Walker from the U.K. market. It could be a prolonged battle.

THE TOP PERFORMING SECTORS

IN FOUR WEEKS FROM DEC. 8

	% Change
Discount Houses	+10.5
Property	+9.1
Office Equipment	+8.8
Newspapers, Publishing	+8.0
Insurance (Composite)	+7.3
Entertainment and Catering	+7.2
All-Share Index	+2.5

THE WORST PERFORMERS

	% Change
Motors and Distributors	-0.2
Chemicals	-0.3
Insurance (Brokers)	-1.0
Investment Trusts	-1.3
Toys and Games	-2.6
Breweries	-3.7

Elsewhere Allied Breweries, when releasing its preliminary figures, confirmed that it was on the point of applying for a price increase. No doubt all the major brewers are determined to make an approach: what is surprising is that they have not made any positive moves before, especially as the meeting with Mr. Hattersley took place a month ago. Presumably they fear that the first one in will be subject to an in-depth scrutiny



by the Price Commission under the new working brief. Last summer the Commission undertook a complete review of the whole industry which could easily be used as a bed rock for a further study of a single group. A brewer is probably an ideal company for an investigation from a political point of view especially if there are thoughts of a General Election, so none of the brewers are rushing to be first with an application.

The idea of a full-scale investigation is not at all inviting. Companies have to reveal a mass of financial data not otherwise available to outsiders. This also means a breach of the Stock Exchange rules on price sensitive information. So far the Exchange has turned a blind eye, but no doubt it is unhappy. Companies themselves are evidently full of complaints and the CBI is drawing up a list of grievances. The Commission has come in for a lot of stick recently, though individual companies are obviously reluctant to discuss their experiences.

However some insight as to how the Commission is thinking will be revealed next week when it publishes its first series of reports. Monday is the likely date for the Commission's findings to be announced on Barclays Bank, Metal Box and the CFBG, with Fisons and United Glass, likely to follow in a week or so. As James Ferguson, an analyst with James Capel, points out, all this brings much closer a major rationalisation of the bread industry. If Spillers were to pull out of bread it could expect to pick up milling customers from ABF and RHM. They in turn would be employing more of their own milling capacity internally to service the increased market shares in bread taken over from Spillers.

Bread losses

There are serious implications for the bread industry in the profit forecast contained in the annual report and accounts of Ranks Hovis McDougall published this week. RHM is forecasting full year profits "close" to those of last year. Since this year's figures will include a £2m.

BY STEWART FLEMING

NEW YORK, Jan. 6.

WALL STREET'S unease about the implications of the fall in the dollar for business and share prices turned to paranoia this week. Any hopes that the new year would get off to a buoyant start were dashed on the first trading day of 1978 when, on Tuesday, the Dow Jones Industrial Average plummeted 13.43 points.

Although volume of trading was low this was more a reflection of the market's anxiety than any new year lull. The range of concerns included fears of rising interest rates and tightening credit, the uncertainty over the change in the chairmanship at the Federal Reserve and what this change might mean for the inflationary outlook.

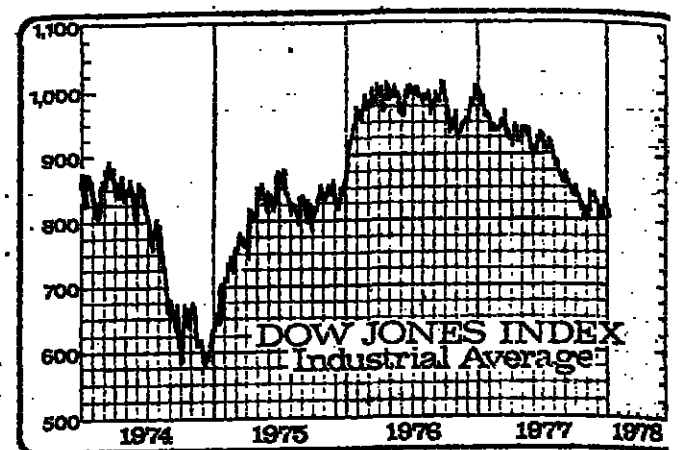
But it is has been the dollar's performance that has dominated Wall Street's thinking this week when the currency came under further pressure on Wednesday share prices slumped again. News of the reversal of the Carter Administration's change of heart on the question of supporting the currency pro-

vided some relief. But by Thursday the widespread anxiety that Federal Reserve support may be no more than a palliative and does not tackle the fundamental issues—the balance of payments problem—eroded investor confidence again.

What looked like another blow at share prices was struck first thing on Friday morning with Citibank's announcement that it was increasing its prime lending rate from 7 1/2 per cent. to 8 per cent. It is far from clear that other banks will follow the Citibank lead. Some analysts were arguing that the move cannot be readily justified in terms of credit demands but must reflect the bank's judgment of where short-term interest rates are going—a judgment not universally shared.

But the prospect that Citibank's moves will provide further impetus to recent upward movements in interest rates and the implication for Ordinary shares of rising bond yields cut yet another support from under share prices.

Thus after last year's 17.3 per



cent. fall in the Dow Jones Industrial Average, the index has started the year by sinking, at least temporarily, below what has been seen as the crucial 800 support point. It has been argued that smaller second-line shares quoted on the American Stock Exchange and "over the counter" have performed much more strongly than most shares in 1977. The Amex Index for example rose 16.4 per cent, and the Nasdaq Composite Index rose 7.3 per cent.

These trends provide little consolation for most investors

DOW JONES AVERAGE	Tuesday	Wednesday	Thursday	Friday
	817.74	813.58	804.92	793.49

Mining Gold share enigma

BY KENNETH MARSTON, MINING EDITOR

MUTTERINGS of "you can't win" will have been heard from bewildered holders of South African gold shares this week. They could hardly have been prepared for the wild movements that have taken place in both share and metal prices, especially in view of the rather more hopeful picture that gave out a glow over the festive season.

After all, the troubled South African political scene had quietened after its recent trauma, the price of gold was edging above \$180 per ounce, the requirement that a U.K. seller of overseas stocks should surrender 25 per cent. of the investment dollar premium had been dropped and cheerfully awaited were the December-quarter mine profits.

And to set the happy scene, the gold price moved up sharply in New York at the beginning of this week. In London on Tuesday it advanced \$4 to \$169.125 an ounce and non-premium prices of gold shares jumped for joy as the overseas buyers moved in. But there was not much joy for U.K. holders.

Prices of their shares were inclined to ease, if anything, and the Gold Mines Index closed 0.5 off on the day at 132.7. The answer to this paradox was the simply that the investment dollar premium had fallen, willing to an effective rate of just under 30 per cent. It was 25.5 per cent. yesterday.

Barely a fortnight earlier it had been over 40 per cent. prior to the news that the premium "tax" was being dropped. At that time a share costing, say, 100p plus 40p premium would have fetched only 130p on a sale under the surrender rule. But the 10p tax-savings had disappeared on Tuesday in line with the lower premium of 30p. Furthermore, there were fears that the premium would dwindle further and perhaps go altogether.

On Wednesday, however, a fresh rise in the gold price to \$171.875, its highest since May, 1975, touched off a renewed overseas demand for non-premium gold shares which also pulled up the U.K. cumulative premium prices with the result

that the index gained 5.6 to 138.3.

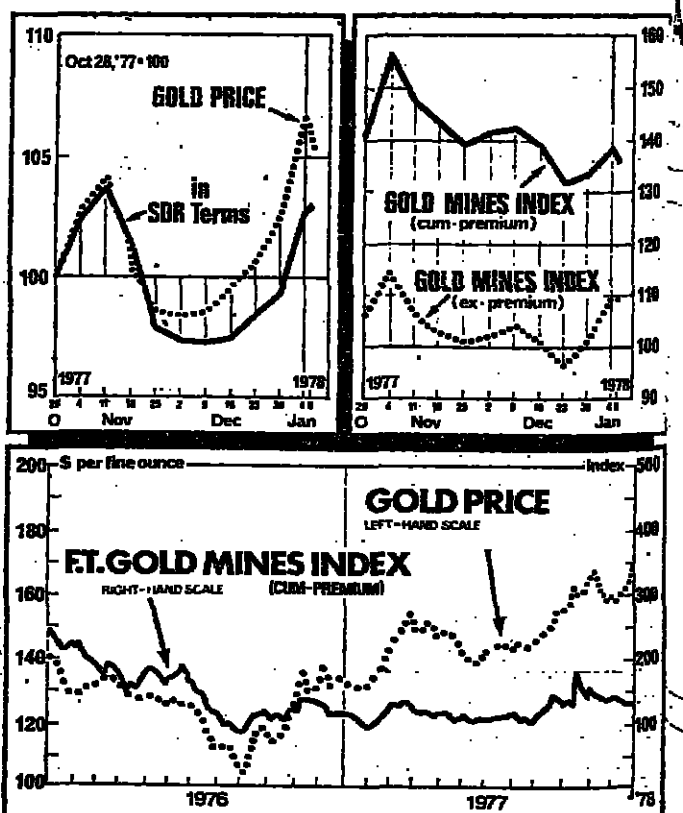
Thursday brought news of the U.S. support measures for the dollar and a consequent reaction in the gold price to \$166.125. Inevitably this sounded the retreat for gold shares and the index tumbled to 130.3. Yesterday it recovered to 136.6 in line with gold which rallied to \$169.57, helped by the news that a best-ever price of \$171.26 had been obtained at the International Monetary Fund's latest monthly auction of gold.

If you look now at the accompanying graphs you will see how the weakness of the dollar has influenced the price of gold, particularly over the past two months. Taking a base date of October 28 last and expressing the gold price as 100, the graph shows that it has risen much more in dollar terms than in terms of Special Drawing Rights which are international units of value in terms of major world currencies.

In other words, gold has not risen all that much in price to the European buyers who play an important part in the industrial demand, which accounts for all the newly-mined production of the metal: in the 1974-75 boom when the price reached nearly \$300 there was a marked falling away in jewellery and other industrial demand.

As the larger graph shows, gold share prices are lagging well behind the past year's rise in the bullion price, a discount that reflects South African political fears. Dividend yields are quite generous—especially to the overseas non-premium buyers—but U.K. investors still have to live with the fear of a further fall in the investment premium.

A gold share investor now has to take a view on the U.S. dollar. If he believes that this is now out of the wood, he need not expect any sizeable further rise in the gold price in the near term. If he is an overseas investor, however, he may still take the view that shares are worth holding on to for income in this now prosperous industry.



MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1977/8	1977/8
	Yday	Week	High	Low
Ind. Ord. Index	497.3	+11.9	549.2	357.6
Inv. 5 Premium	241%	-7%	47%	23%
Algemeine Bank	493.1	-10%	£114	£88
Associated Newspapers	172	+15	197	120
Berjuntal	265	-20	260	155
Conzinc Rietinto	167	-25	325	119
Davies and Newman	122	+14	130	72
F. S. Geduld	£124	+ 1/2	£14	787
Harcros	83	+13	83	37
Hong Kong & Shanghai	239	-20	341	234
Horizon Midlands	88	+14%	88	24
London Sumatra	80	+11	81	40
Mills and Allen	120	+10	122	25
Peko-Wallaseid	405	-40	555	345
Pontin's	46	+12	46	22
Rank Organisation	262	+21	276	128
Sunley (S.)	211	+24	216	90
Thomson Org.	715	+35	765	365
Vickers	188	+13	242	144
West Driefontein	£17	- 1/2	£23	£13

U.K. INDICES

	Average	Jan.	Dec.	Dec.
	week	6	30	23
Govt. Secs.	78.23	77.96	77.55	
Fixed interest	81.15	80.62	80.09	
Indust. Ord.	491.3	488.8	478.9	
Gold Mines	134.5	134.5	132.7	
Dealings mtd.	5,395	3,623	3,508	
FT ACTUARIES				
Capital Gds.	217.64	209.48	205.00	
Consumer (Durable)	194.53	194.41	190.25	
Cons. (Non-Durable)	205.41	205.14	200.91	
Ind. Group	210.52	209.94	205.95	
500-Share	232.52	232.44	228.63	
Financial Gp.	175.87	173.20	169.09	
All-Share	216.13	215.64	212.08	
Red. Debs.	63.04	62.44	62.03	

TV Radio

Scoreboard. 5.45-5.50 Northern Ireland News. 12.05 a.m. News and Weather for Northern Ireland.

BBC 1

8.50 a.m. Fingerbobs. 9.05 Canoe (part 1). 9.30 Multi-coloured Swap Shop. 12.15 p.m. Weather. 12.15 Grandstand: Football Focus (12.15) FA Cup Third Round: Racing from Haydock Park (12.50, 1.25, 1.55, 2.25). 1.10 Day of War: The World Championship: 1.40 Squash Rackets: Alaudin v. Jahan; 2.10 Surfing: 2.40 Rugby League: Wigan v. Bradford Northern; 3.30 American Football: Michigan v. Washington; 4.40 Final Score.

5.10 The New Adventures of Batman. 5.45 Sport/Regional News. 5.50 Jim'll Fix It. 6.25 Dr. Who. 10.50 Saturday Film: "City Beneath the Sea," with Robert Ryan and Anthony Quinn. 8.15 The Two Ronnies. 9.00 Starkey and Hutch. 9.50 News. 10.00 Match of the Day. 11.05 Parkinson. 12.05 a.m. Weather.

All Regional Programmes as BBC-1 except at the following times:—

Wales—8.40-9.05 a.m. Telfant. 12.07-12.32 p.m. Broadbeats. Scotland—5.50-6.10 p.m. Scoreboard. Sport in Scotland. 5.45-5.50 Scoreboard. 10.00-10.35 Sportscentre. 10.35-11.05 Songs of Scotland. 12.05 a.m. News and Weather for Scotland. Northern Ireland—5.00-5.10 p.m.

BBC 2

2.55 p.m. Saturday Cinema: "Bathing Beauty," starring Esther Williams. 4.30 Play Away. 5.05 Horizon. 5.55 International Indoor Bowling: England v. Ireland. 6.25 Don Carlos: Verdi's opera from La Scala, Milan (simultaneous with Radio 3 stereo). Prologue, Acts 1 and 2. 8.10 News and Sport. 8.30 Don Carlos (Act 3). 9.10 Opera Books discussed by Robert Robinson. 9.30 Don Carlos (Acts 4 and 5). 10.10 News on 2. 11.05 Midwinter Movie: "The Frightened City," with Herbert Lom, Sean Connery and Yvonne Romain.

LONDON

8.30 a.m. Fun Food Factory with Nanette Newman and Terry Mancini. 8.55 Junior Police. 9.00 Our Show to include Sesame Street and Cartoons. 11.00 Saturday Cinema: "Belles of St. Trinian's" (1957) with Alastair Sim and Joyce Grenfell. 12.30 p.m. World of Sport: 12.35 On the Ball: 100 International Sports Special: "Arm Wrestling from Houston, Texas; 1.10 News from ITN; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Sandown; 1.45, 2.15 and 2.45 from Market Rasen; 3.10 International Sports Special: 2-Showjumping; The Martell International

from Harwood Hall; 3.50 Half-time Soccer Round-up; 4.00 Wrestling from Harrogate; 4.50 Results Service. 5.05 News. 5.15 Celebrity Squares. 6.00 Man From Atlantis. 6.00 Sale of the Century. 7.30 "Battle of the Bulge" (1966) starring Henry Fonda. 10.20 News. 10.35 Saturday Celebrity Concert with Dianne Warwick. 11.35 Pro-Celebrity Snooker. All ITV Regions as London except at the following times:—

9.05 a.m. Animal Alphabet Parade. 9.30 Cartoon Time. 9.30 News. 10.20 Soldierman. 10.25 Tiger. 10.30 a.m. Man from Atlantis. 12.20 a.m. At the End of the Day. 6.45 a.m. The Roll Back Show. 8.30 News. 8.35 Man from Atlantis. 8.35 Get Some. 8.45 Celebrity Squares. 7.30 Local News. 8.55 Sale of the Century. 9.25 City of Angels. 10.35 Angels Defence. 11.35 Celebrity Concert.

BORDER

9.05 a.m. Saturday News. 10.25 Border Weather. 10.30 News and Border Weather. 11.35 Police Sergeant.

CHANNEL

12.30 p.m. Puffin's Birthday Greetings. 5.05 News followed by Channel Islands Weather. 10.35 Appointment with Fear.

GRAMPIAN

9.05 a.m. News. 9.30 The Woody Woodpecker Show. 10.15 Woodland. 10.35 Cartoon Time. 11.00 The Last of the Mohicans. 11.30 Captain Scarlet and the Mysterons. 11.55 News. 12.30 The Mysterons. 1.15 News. 1.30 The Mysterons. 1.55 News. 2.15 The Mysterons. 2.30 The Mysterons. 2.55 News. 3.10 The Mysterons. 3.30 The Mysterons. 3.55 News. 4.10 The Mysterons. 4.30 The Mysterons. 4.55 News. 5.10 The Mysterons. 5.30 The Mysterons. 5.55 News. 6.10 The Mysterons. 6.30 The Mysterons. 6.55 News. 7.10 The Mysterons. 7.30 The Mysterons. 7.55 News. 8.10 The Mysterons. 8.30 The Mysterons. 8.55 News. 9.10 The Mysterons. 9.30 The Mysterons. 9.55 News. 10.10 The Mysterons. 10.30 The Mysterons. 10.55 News. 11.10 The Mysterons. 11.30 The Mysterons. 11.55 News. 12.10 The Mysterons. 12.30 The Mysterons. 12.55 News. 1.10 The Mysterons. 1.30 The Mysterons. 1.55 News. 2.10 The Mysterons. 2.30 The Mysterons. 2.55 News. 3.10 The Mysterons. 3.30 The Mysterons. 3.55 News. 4.10 The Mysterons. 4.30 The Mysterons. 4.55 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Your savings and investments

I hereby resolve

HAVING RESTORED your moral fibre with a week of work, not to mention nervous contemplation of a battered bank account, you should by now be in a state sufficiently chastened yet resolute, to consider the following specifics against the year's financial ills. Like prep school food, they are simple, wholesome and effective.

(1) I will take advantage of all the forms of tax relief available to me. That the energies of the more enterprising part of the population of Britain should be directed to limiting the taxman's take is a singular waste of time and talent. However, as things stand any rational being has to recognise that tax avoidance (not tax evasion, kindly note) is the mainspring of all financial planning.

Therefore I will top up my mortgage—perhaps by moving to another and more expensive house, perhaps by obtaining extra cash from my building society for improvements to my existing house. In either case, I will do it as soon as possible: time and price rises wait for no man, and as investments go this is likely to be one of the best this year.

Also I will step up my life assurance cover. Assuming that you have adequate cover already—and if you have both dependants and a mortgage, that means at least enough to pay off the mortgage if you fall under a bus—then you might well consider being a little more adventurous in your topping up and going for unit-linked life assurance rather than, say, a with-profits endowment policy. You can obtain tax relief at half the basic rate (that is, 17 per cent.) on premiums up to one-sixth of your total income, after charges but before personal reliefs.

Also I will, if self-employed, increase my pension provision. Thanks to the changes announced by the Chancellor last year, you can now tack away up to £3,000 a year, or 15 per cent. of your net relevant income (whichever is the less) in a Revenue-approved annuity scheme without paying tax on it.

Also I will steel myself into giving money away this year. No need to give your kingdom away, like Lear; but if you have property worth more than £25,000—and most people who own their own homes have that, these days—then there will be a liability to capital transfer tax when you and the extra part company. Unless, that is, you take advantage of the exemptions under which you can make gifts—any amount to your wife (or husband), assuming that the recipient is domiciled here; up to £2,000 a year from each of you to other persons; "small gifts" of up to £100 apiece to any one individual; and gifts in consideration of marriage—up to £5,000 if the bells are ringing for a son or daughter; up to £2,500 if it's for a grandchild; and up to £1,000 for anyone else.

(2) As a corollary, I will keep my tax affairs up to date. I will inform the Revenue if my circumstances change—it may take them months to sort out the consequences, but at least it will be me who gripes, not them. I will send in tax when it's due. The 9 per cent. they charge on tax overdue is not a

penalty to be lightly incurred—an overdraft will cost you little more, and there's less acrimony in that.

(3) Much though I appreciate my bank manager's help at times of crisis, I will not leave money in my current account. Certainly I will not leave more than the £100 (more or less—check with your own bank) necessary to ensure that my cheques won't cost me anything. Even in these days of declining interest rates, it isn't worth it. Rather I resolve to manage my liquidity with the same tender loving care that I devote to my investments.

(4) I will review my portfolio, and I will do it forthwith. In doing it I will temper imagination with commonsense, and both with resolution. I will bear in mind that the U.K. market outperformed all comers last year, and that it is unlikely to repeat the performance. So I will look to increase my investment overseas—but I won't necessarily be in too much of a hurry about it. I will turn out all the stocks that I bought—the export whizz kids and the overseas earners—on the view that they would benefit as sterling declined.

(5) I will remember that no man need be ashamed to have taken a profit.

(6) I will pester my MP about: removal of the dollar premium/abolition (or at least indexation) of the investment income surcharge/abolition of capital gains tax/introduction of wider-ranging tax reforms. Poor chap. But that is what representative democracy is all about.

(7) I will purchase an annuity forthwith, if I am likely to need it in the near future. Otherwise I stand to lose out if rates are cut to reflect a further cut in interest rates. But if possible I will wait until the end of the year, to see what effect a renewed rise in the rate of inflation has on the cost of ten-year money.

(8) In the meantime, I will remember that the real cost of many forms of credit continues to be negligible. I will continue to shun hire purchase, unless the price of the goods on offer is dramatically cut. But insofar as I am able to pay back speedily, I will use my Access and Barclaycard to obtain credit which is free or nearly free. I will patronise the department stores for my consumer durables, since many of them are offering extended credit interest-free. I will open up some accounts, in order to be able to take advantage of their offers with the minimum of fuss over my credit rating. But I will never entirely forget the adage that I learnt at my nurse's knee: "Never a borrower, nor a lender be." I will be a borrower, but a careful one.

(9) I will gather me carpets—likewise cookers, cars, televisions and such other consumer durables as I require—while I may—and while prices last. But I will not be panicked into the baked beans and bicycle syndrome.

(10) I will review my household insurance. Some insurance companies can be remarkably businesslike about the careless claimant who is under-insured. I will not spoil my ship for that harp of tar.

THE BIRTH of a child is a cause for celebration; but it is not generally regarded as an opportunity for saving money. In fact it is both of these. For a baby is the perfect subject for some long-range financial planning. And not simply planning for the costs of education (though we consider that below). A baby is also a near-perfect recipient when it comes to passing on money. For it is likely to be a long, long time before he (or she) passes it on again.

Why does that matter? Well, since the introduction of capital transfer tax any distribution of wealth (above an initial £25,000 and anything within the annual exemption), is going to be taxed. So the fewer the distributions, the better. That's why anyone considering giving capital to adults might do much better to give it to their child instead—particularly if the adults in question have adequate capital for their needs already. It isn't any longer possible for a parent who is a high-taxpayer to reduce his own income for tax purposes by allocating some of it to the education and maintenance of his children. It is, however, possible for him to cut his tax bill by transferring capital—into, say, an accumulation and maintenance trust.

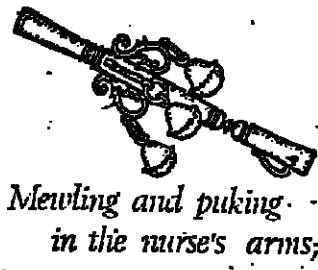
The income generated by the assets put into the trust will be taxed, not at the parent's rate of tax, but at that of the trust, so long as it is accumulated by the trustees; and that means that it will roll up faster. Such income as is paid out for the children's education and maintenance will, however, be added to the settlor's income for that year and taxed at his marginal rate.

Transfer of capital into a trust will, too, generally create a liability to capital transfer tax—although accumulation and maintenance trusts are in fact given favourable treatment for capital transfer tax, and are an ideal way of providing for a family if a trust is to be used.

It is worth bearing in mind that discretionary trusts, once the most flexible way of provid-

In this first week of 1978 this page is starting a new series: *The Seven Financial Ages of Man*. In it we plan to look at the financial considerations which arise through the stages of a lifetime: those relating to babies, to students, young adults, young families, in early middle age, in the approach to retirement, and in retirement itself. The series will be written by Adrienne Gleeson, Eric Short and Helen Whitford.

First the infant



Mewling and puking in the nurse's arms.

ing for a family by way of settlement, will from 1980 be very harshly treated for capital transfer tax.

It is also worth bearing in mind that direct gifts made during the parent's lifetime for the education and maintenance of a child are exempt from CTT—so a parent could, for example, take out substantial policies for that child's education. Even if there is nothing as specific as education in view, the £2,000 which each parent is allowed to transfer annually exempt from CTT can be used to purchase life assurance cover: a policy vested in the child will not be liable to CTT on the death of the parent or on the death of the parent.

Grandparents—or other would-be high-taxpaying benefactors—are more fortunate than parents in that a commitment to provide out of income for a child (by way of a seven-year covenant of income, for example), can reduce their own tax liability.

A seven-year covenant must be for a period capable of lasting for more than six years, although it need not necessarily do so, and it must be for a specific amount each year, though this can be defined by reference to a formula—the income on XYZ stock, for example, or for a fraction of the covenantor's annual income. So grandfathers need not starve for the sake of little Tommy, even if he has committed himself to being generous in rather more affluent times.

IF YOU HAVE just become a proud parent, you should have great ambitions for your

child's future. And you may in consequence decide on private education at an independent school. But private education is expensive, and the fees have to be found from net income. At a top boys' school, they now average about £2,000 a year; and what they will be in 13 years time is anyone's guess.

Private education will mean financial sacrifices. If you are not prepared to accept them, then rely on State education. Providing you start at least ten years ahead of time, however, you can use life assurance contracts and obtain tax relief on your outlay (up to one-sixth of income), and life cover for your family should you die. And the burden will be spread over a longer period.

One plan that can be adopted is to take out five with-profit endowment assurances, which mature in successive years to coincide with the fee paying period. For your new born child, you will require contracts maturing from 13 to 17 years hence, inclusive. You can pitch the sum assured at present fee levels, and the bonus additions will provide some hedge against inflation. The table below shows an echelon of five policies issued by Equitable Life—one of the leaders over this range, and one of the life companies that do not pay commission. We have assumed that current bonus rates will remain in force.

It is usually advisable to seek specialist advice on school fee planning at the outset. The two specialists firms that dominate this form of financial planning are School Fees Insurance Agency of Maidenhead, and C. Howard and Partners of London. But Equitable Life now offer a school fees planning service, and most leading life company branch managers should be able to advise on plans of the type outlined in this article.

Finally, a word of warning regarding flexible endowments—where you can cash in early if need be. The promotion literature sometimes suggests that these contracts are suitable for those saving for school fees. But you have to pay for their work.

Years	Net cost during the year	Payment received at start of year
0-12	£22.10	—
13	49.77	3.915
14	347.60	4.071
15	224.30	4.227
16	108.66	4.397
17	—	4.565

DON'T MISS THE NAP SHARES FOR 1978

See how IC News Letter selections performed in previous years

	FT INDEX	I.C.N.L Naps
1957	- 7%	+ 38%
1958	+ 34%	+ 54%
1959	+ 50%	+ 112%
1960	- 11%	- 10%
1961	- 1%	+ 34%
1962	- 6%	- 34%
1963	+ 14%	+ 36%
1964	- 12%	+ 10%
1965	+ 4%	+ 15%
1966	- 11%	+ 22%
1967	+ 24%	+ 42%
1968	+ 29%	+ 58%
1969	- 20%	- 4%
1970	- 18%	- 22%
1971	+ 39%	+ 56%
1972	+ 5%	+ 74%
1973	- 32%	+ 16%
1974	- 52%	- 27%
1975	+ 131%	+ 300%
1976	- 4%	- 6%
1977	+ 36%	+ 71%
AVERAGE	+ 9.2%	+ 39.8%

*As at the close December 28.
At the beginning of every year the Investors Chronicle News Letter selects a number of shares for capital gain over the following twelve months—its Star Nap Selections.

The table above shows the 12-month performance of each year's Nap Selections over the last 21 years. If you had invested £1,000 in the 1957 Nap Selections and reinvested the proceeds at the end of each year in the annual selections your initial £1,000 would now be worth £203,980 (before gains tax and expenses) against a mere £2,220 if you had invested in the FT index.

In addition to its traditional Nap Selections, the IC News Letter gives regular weekly recommendations. The overall record shows that these selections have beaten the index by a wide percentage margin, averaging out double figures on an annual basis. The News Letter also has an impressive track record with its general market and selling advice over the years, as confirmed by the many appreciative letters received from subscribers, and it has extended this to other important investment areas, including overseas stock exchanges, fixed-interest deposits and securities, and other markets of interest to investors.

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Of Pearl and Pru

IF ANYONE eventually gets round to writing a history of life assurance, then 1977 may well go down as the year in which unit-linked life assurance became respectable. For last year several leading traditional life companies decided that linked business was not only here to stay, but was the growth area of the future, at least as far as individual contracts were concerned. Sun Life's subsidiary Solar attracted £3.6m. in just under 12 months of operation, while Legal and General did £1.7m. of business in a matter of weeks.

But linked business is still very much up-market, and it is not a field in which one would expect the home service companies to be at all interested. The Prudential's traditional image is that of the "Man from the Pru," calling at the policyholder's home to collect £1 per month on his industrial life policy—an image that the Pru itself is trying hard to dispel. And this image is possibly even more ingrained in respect of the Pearl. Yet these two companies are active in the linked field.

The Pru entered this sector in a big way by taking over the sailing Vantage Life, renaming it Vanbrugh Life, and thereby acquiring a ready made field of staff to service insurance brokers. The success story of Vanbrugh, under the Pru's wing, is a rags-to-riches one. Last year Vanbrugh expanded its single premium business by nearly 50 per cent., and funds under management passed the magical £100m. mark last year. But the Pru has taken a conscious decision that Vanbrugh will only operate through insurance brokers. Even top executives have to use a broker.

The Pearl, on the other hand, has built up its linked business from scratch. It started in 1969, in conjunction with Samuel Montagu; but it has done its own thing since that group became part of Midland Bank. For years the amount of business transacted was negligible. Then last year it decided that linked business needs special sales techniques, since the life agent is not usually equipped to operate in this field. So it hired specialists: and in 1977 single premium business rose from £174,000 to £1.2m., and annual premiums from a derisory £6,600 to £200,000. This year it hopes to extend its product range. So maybe we need to reassess our images.

ERIC SHORT

EXTRA BONUS

for with-profit policyholders

Everyone dreams of a windfall. The 125,000 with profit policyholders of UK Provident have just received one in the shape of a record breaking bonus. Record breaking is nothing new to UK Provident. We have been steadily increasing the bonuses we add to with profit life and pension policies ever since 1840. As a mutual office we have no shareholders; all distributed profits go to our with profit policyholders. If you aren't already one of them, ask your life assurance adviser how to join.

Record Bonus Announcement
For eligible with profit life assurance and pension policies, new ordinary bonuses have been declared for the three years 1975 to 1977. These are the highest in the history of UK Provident.

ADDED TO EXISTING POLICIES

Life Policies	£4.30 p.a. for every £100 of sum assured and existing bonuses.
Pension Policies	£4.80 p.a. for every £100 of pension (or sum assured) and attaching bonuses.

PLUS SPECIAL BONUS of 15% of all ordinary bonuses, life and pensions, earned up to and including 31 December 1977.

In the past, many life assurance companies have also offered a variable bonus known as a terminal bonus. This has been payable only at the end of the policy term or on earlier death. The amount of bonus depended upon investment markets; it could—and often did—go down as well as up.

But not in the case of UK Provident; even during the depressed years of 1974 and 1975 we never reduced our terminal bonus. Now we have had a better idea; we are consolidating part of our terminal Bonus. A SPECIAL BONUS of 15% of all ordinary bonuses attaching at 31 December 1977 is going to be eligible with profit policies.

This is a major benefit. In fact, we have added increased bonuses to our with profit policies—bonuses that are guaranteed. Like the new declared ordinary bonuses, the special bonus cannot be taken away or reduced—no matter what happens in investment markets.

Extra bonus means extra benefits...
A savings policy taken out at the beginning of 1975 for £10,000 has now increased to £11,483 with bonuses—and should continue to grow. A Self Employed Pension Plan starting at the same time for a guaranteed pension of £1,000 p.a. will now have an extra £185 of pension—which should also grow to give more on retirement.

Bright prospects...

With profit policyholders can look forward to continued growth through bonuses added to their policies. Because they depend on future profits, future bonuses cannot, of course, be guaranteed. But UK Provident view the future with confidence. We have a good bonus history and a reputation for financial stability based upon an impressive investment record.

Bonus rates for the next three years:

The following rates of bonus will apply to with profit policies paid out on maturity or death in the next three years. These are interim rates, subject to alteration at any time up to our next full bonus declaration on 31 December 1980.

Life Policies	£4.50 p.a. for every £100 of sum assured and attaching bonuses.
Pension Policies (including self-employed and individual arrangements)	£5.10 p.a. for every £100 of pension (or sum assured) and attaching bonuses.

PLUS TERMINAL BONUS of 10% of all bonuses, declared and interim, for life and pensions policies.

How can your policy grow?

The following table illustrates how UK Provident with profit policies may grow, if these new interim bonus rates continue:

Endowment assurance sum assured: £5,000	For a term of years	Self-employed pension plan guaranteed pension: £3,000 p.a.
£7,975	10	£5,013 p.a.
£9,990	15	£6,420 p.a.
£12,540	20	£8,241 p.a.
£15,690	25	£10,530 p.a.
£19,530	30	£13,401 p.a.

NOTE: These figures show the total estimated proceeds payable, including 10% terminal bonus. They are not guaranteed. Ask your life assurance adviser to tell you about UK Provident, our highly competitive bonuses and the attractive range of policies we offer. This is the life office to depend on. Join us now!

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Ask your life assurance adviser

Insurance

Costing the firemen

JOHN PHILIP

their annual accounts for 1977 will be facing a fire claims bill of around 20 per cent, above their reasonable earlier expectation. This must bid fair to put most companies' general fire accounts into the red and to keep most companies' household accounts firmly where they are already, unprofitable. The result of subsidence, gas and weather.

Towards the end of January watch for the publication of the monthly cost price loss estimates covering the months of December and the whole of 1977, and then from early March onwards watch what the individual companies have to say about their 1977 results and the comments their chairmen and chief executives have to make about possible premium increases.

British insurers, much more than many of their overseas competitors, firmly believe in keeping premium rates stable as far as claims experience and operating costs allow. For example, in the domestic sector, the basic rates charged by the majority of companies for fire, buildings and contents cover are revised only once a year. Traditionally the major insurance companies review their previous year's experience during the summer and reach decisions on rating changes towards the autumn, which are usually implemented, if decided at once, and if upward, at the start of the next calendar year.

still 12½ and 25½ per cent, respectively—what they were in pre-decimal £ and pence 30 years ago. With property insurance, he translated into rates changes for close on 12 months if indeed it is ever translated.

stantly have to be revised and an insurer obtain extra premium each year by applying standard rates to ever increasing property values. Such reliance on basic long-standing rates is fine as long as policyholders regularly move their sums insured upwards and so long as the incidence and size of claims experienced does not change adversely and permanently. Permanent is the important

Weekend

Brief

**Goodbye
dollies**

Radio City Music Hall, famous New York landmark, 6,000 seat art-deco movie palace, and the

last theatre to preserve the stage and screen format in America will close its doors after the traditional Easter show this year. For 42 years Radio City has been a tradition with many families

in New York and at one time tourists found it a "must" when visiting New York along with the Statue of Liberty and the Empire State Building.

The famous Rockettes, the 40 girl chorus line whose 30 legs have been high stepping in unison for the 42 years, attracting young aspiring dancers to run away from home, will give their

Attendance has dropped steadily from 1967's 5m. to this year's 3m. With operating costs at

Radio City's Rockettes: farewell the lovelies

The one bright hope is that a 18-month investigation is going

Contributors: Carolyn Hyde, Max Wilkinson and Arthur Sandles.

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Mediterranean basin and by 1890 there may be 150m. people packing themselves into the area in the peak months of June, July and August.

The one bright hope is that a 16 nation investigation is going on under the auspices of the UN to get some sort of joint action on the problem. Agreement of some sort might not be too far

Contributors: Carol Hyde, Max Wilkinson and Arthur Sandles.

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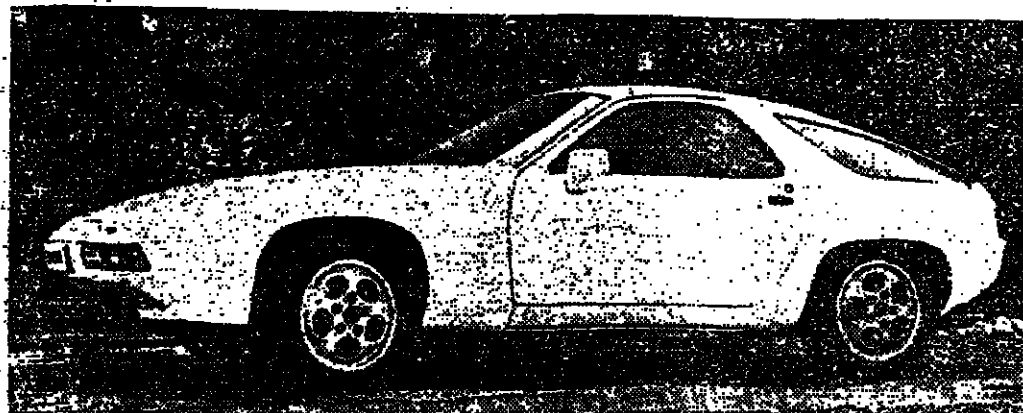
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Motoring



Car of the Year 1977 was the all-new V8 engine Porsche 928. This civilised supercar has "self-repairing" front and rear ends.

Thin year - fine car

BY STUART MARSHALL

AFTER an embarrassment of riches in 1976, it was a thin year for new models in 1977. For the Car of the Year competition, there was only one obvious candidate—the Porsche 928. The main interest lay in how many more points it would score than the runner-up. In the event, the Porsche beat the BMW 7-series into second place by 261 points to 231.

In 1976 (the year of the Rover 3500) there were at least five cars worthy of the title. But then, good crops are often followed by bad ones. Quite apart from its intrinsic merit, the Porsche 928 was the only wholly new car in the running for the title. Nine of the other contestants were awarded some points, the 11th, the Skoda Estelle, got none.

When I drove the Porsche in France last spring, it looked a likely Car of the Year. This supercar for the safety-minded Seventies is so forgiving it makes an averagely competent driver feel like an expert. With its 4.5 litre V8 at little more than idling speed, it will trickle along High Streets at 25 m.p.h. in fifth gear. It storms up mountains swiftly and serenely and, on open road high-speed bends, the rear suspension automatically keeps the car on line if a driver loses courage and lifts off in the middle.

The entire front and rear ends of the sleek 2+2 body are made from a plastic material that deforms when struck hard and then recovers its shape unscathed. When the 928 reaches Britain later this year, it will cost close to £20,000 on the road. A rich man's bauble? I suppose so, but it's one that adds a new dimension to motoring.

The BMW 7-series well deserved its second place, even if it is much the same mechanically as the 633 coupe which appeared late in 1976. Though a little softer in character than previous BMW saloons, the 7-series cars have muscle.

enough for the press-on type of driver combined with near silent cruising at three-figure speeds, which is what counts with passengers.

In third place was the Ford Granada, which seems a little surprising because it is hardly more than a reskinning of the previous model and the Ford Cortina was excluded last year on these grounds exactly. Fourth was the Matra Simca Rancho, still unknown in Britain.

This is an extremely clever shuffling of Chrysler components into a part steel, part glass fibre reinforced plastics body that looks like a facelifted Range Rover. The Rancho has front wheel, not four wheel, drive but those who have tried it say it goes very well indeed on rough tracks and motorways alike. Obviously, it couldn't live with a Range Rover in hub-deep mud—but how many Range Rovers spend more than a minute fraction of their working lives off roads and tracks anyway?

At around £5,000, the promised figure when right-hand drive examples arrive here later in the year, the Rancho will be little more than half the price of a Range Rover. It will go down well with people who want a tough estate car with lashings of space for outdoor sports gear, kids and dogs and who are prepared to drive round the odd morass rather than through the middle of it. This is one car I am more than keen to get my hands on.

Fifth place went to the Opel Rekord, which is another reskinned and refined version of the previous model. Like the Granada, the Rekord is typical of to-day's German medium-size saloons and estates. Both cars understated engines and transmissions designed for autobahn cruising speeds and the kind of interiors that keep driver and passengers happy for hours on end.

It is unquestionably a sign of

Golf

Price cuts and throat cuts

BY ROGER PAUL

THE PROFESSIONAL Golfers' Association, a venerable and largely venerated, body of men recently has been having a series of cut-price convulsions.

A small body within the association are incensed by the fact that they are not allowed to advertise either nationally or locally, the prices they have decided upon for their goods, because of a PGA ban.

To be precise, the rule says that they may advertise "manufacturers' reduced prices" but they may not advertise a line which they have themselves decided to reduce. Nor may they advertise a simple "sale" except within the club to members, nor even discount or cut-price rates.

All of this is seen by some as being "a restrictive practice and a violation of normal trading rights." Those are the words of David Sutherland, the professional at Rugby golf club and the man who recently called a Special General Meeting of the PGA, with a view to getting the rules on advertising thrown out.

His resolution was seconded by 25 other professionals from all over the country including Peter Tupling at Boldon, Stephen Whyznark (Ipswich), Archie Lourie (South Shields), Alan Bridge (Bramshott Hill), and Jim Lynch (Stoke Poges). It was, in the end, defeated by

63 votes to 55 after the chair—a free trading market situation, of the PGA's general division, Bryon Hutchinson.

He adds: "However, we are had circularised the whole of membership, appealing to them to turn up and vote against the resolution."

There is in existence, therefore, what appears to be a decidedly unfair situation. A some of the less able, some of the more idle professionals, would go to the wall. And again very broadly, this is why the PGA wants to retain the ban on advertising cut-price goods to the public. Not that they want to protect the idle or the less able: more that they want to ensure that the traditional club professional's job remains in existence.

The PGA accepts that they have a problem on their hands. It believes very strongly on the one hand that the good club professional offers the best possible service through lessons, repairs, maintenance, tuition and playing. It recognises, on the other hand, that too large a minority don't do enough to help themselves.

Malcolm Mitchell, soon to be working full-time on public relations for the PGA, admitted that "a lot of professionals want the full mark-up and just sit back and wait for the punters to roll in."

He also added that "if it comes to an individual cut-price and reduce prices."

war among professionals, the less business-like would not survive."

But Mitchell sees the answer in education. "My wish for 1978 has been that professionals will become more professional and that the PGA will help them become more perceptive, more aware."

The PGA sees nothing unfair in the ban. It says that when a professional accepts a position at a golf club, he does so having taken account of his basic working conditions.

There is a retainer; he has a number of members with whom he can expect to trade; and there is a dependable number of visitors.

"Consequently, when a professional takes on a new position, he knows the present and future potential with reference to the furtherance of his trade," says the PGA.

"It therefore follows that any form of cut-price advertising to improve on the situation which he knew quite clearly at the time of accepting the position, poaches trade from fellow members of our Association. The executive committee is also of the opinion that in the absence of any restrictions, the professionals at smaller clubs might well be put out of business by extensive cut-price advertising by professionals able to afford to buy in bulk and reduce prices."

Colin Snape, the secretary of the PGA and a progressive and far-thinking man, explains the ban as an extension of the traditional role of the professional in golf. "If you go back 75 years," he says, "you find that J. H. Taylor and the others formed the association as a protective thing, to tell their clubs and members that they were not just shopkeepers, but provided a whole range of services."

"That is still the position. The golf pro is not meant to be running a mini-Woolco, nor is he meant to be cutting the throat of his fellows down the road. And bear in mind that it was the game of golf and the club members themselves who determined the traditional role of the professional."

"Buying clubs, after all, is not like buying sweets. You have to know what's best for you and the professional can determine that far better than any cut-price shopkeeper. We find many members of the public are being conned by discount stores."

The PGA, it seems, sees itself primarily in a protective role, arguing for progress within the current regulations. It has won the battles so far, but the guerrillas on the other side might remain convinced of their cause and the eventual winners of the war will shape the future of club professional golf in this country.

Tennis

My money on Borg in final

NEW YORK, Jan. 6.

AS THE \$400,000 Colgate Masters enters its third day at Madison Square Garden, an intriguing situation has developed in the round-robin section where the winner of each group will play the runner-up of the other in tomorrow's semi-finals.

Last night the 25-year-old Argentine left-hander, Guillermo Vilas, scored a second point to assure himself of leadership of the Red group (which, due to a temporary colour-blindness Brian Gottfried (U.S.), met yesterday, I described as the White group), with a magnificent 6-4, 3-6, 7-5 win against the U.S. No. 1, Jimmy Connors, before a record tournament crowd of 18,590 noisy and excited spectators.

Earlier, another left-hander, the Spanish holder of the title, Manuel Orantes, where he was beaten 6-0, 6-3, who on Wednesday had lost to Vilas, kept his hopes alive with

a 7-6, 7-5 victory over the double-handed player, Eddie Dibbs.

Thus, with Dibbs' hopes ended, the second place in the Red group will depend on the outcome of this afternoon's match between Orantes and Connors, also a victor over Dibbs, who each have one point.

At night, when the two semi-finalists who have already emerged from the Blue group, Bjorn Borg of Sweden and Brian Gottfried (U.S.), meet to decide the leadership, they will each theoretically be able to select their semi-final opponent.

Gottfried, after two early season wins last year against Vilas, suffered four crushing defeats at his hand, none worse than in the French Open final, Masters title, Manuel Orantes, where he was beaten 6-0, 6-3, who on Wednesday had lost to Vilas, kept his hopes alive with

who twice beat Vilas last spring and whose career record shows an 11-4 advantage against the Argentine champion, had made it clear that he would prefer to face him again to-morrow rather than Connors.

The last match tonight could therefore be a non-event. This is the only potential weakness of the Masters formula, which otherwise is the finest method of determining overall standards in the ultimate contest of the Grand Prix year.

Yesterday's clash between Connors and Vilas was a classic of its kind. Both men came here after several weeks' rest, mentally fresh and eager to settle arguments about the ranking order in the top three places of the world game. The setting was perfect.

The slow Supreme Court surface made it possible to construct long rallies—even at

the punishing pace both men generate from the back of the court. Vilas with his heavy top-spin lobs, he roared back spin and slice, Connors with his low, flat trajectory. Despite the minimum seat price of \$10, the arena was packed to capacity, with partisan spectators whose vociferous support of both men made it necessary for umpire Frank Hammond to call repeatedly for quiet. The situation, a rematch of the U.S. Open final, where Vilas won a rugged match in four sets, was poignant.

The deciding set was superb. The pace of shot was at times almost suicidal, the retrieving breathtaking, and the control of the ball under pressure almost miraculous. Somehow Vilas forced himself into a 4-1 lead that soon became 5-2, but the indignity of trailing so far yesterday, I still see him as behind merely spurred Connors to greater effort.

Volleying now with punishing

purpose and catching his opponent with some beautiful top-spin lobs, he roared back to 5-5, saving a match point on the way in the ninth game with a backhand volley that dropped dead off the top of the net.

The American was in full flood, and now it was Vilas's turn to stem the tide. After two deuces, the Argentine went ahead 6-5 with an unbelievable cross-court backhand pass of great pace from a fierce Connors approach and finally clinched the match after nearly three hours.

It is still possible that these two will meet again in Sunday's final; but I fancy Borg will have other ideas, and despite his relatively ordinary performance yesterday, I still see him as the likely winner.

JOHN BARRETT

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Travel

Flying starts

BY PAUL MARTIN

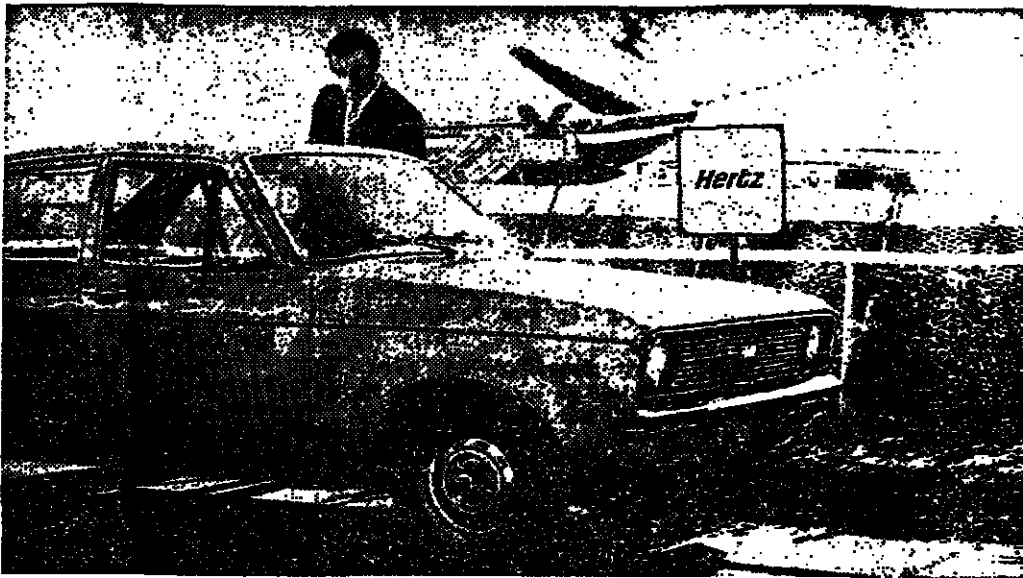
WHILE the idea of flying off to a foreign airport of your own choice, picking up a car and then touring around is far from new, several different schemes have become available each year. Virtually all national airlines link some form of fly-drive to their own operations but the scheduled carriers have not yet finalised their summer prices and those I have been given are approximate. No airline expects a major increase and I have been given figures varying between 6 per cent. and 8 per cent. over 1977 rates as the probable overall figure.

Although cross-Channel car and passenger ferry rates have been stabilised, picking up a left-hand drive car at your arrival airport saves a great deal of time and makes Continental driving all the easier. However, conditions of hire do vary considerably and there is no uniformity over the insurance that comes with the package.

I found collision waiver covered on a Fiat hired from Europcar in Italy but not personal accident insurance. If you plan a fly-drive holiday in Spain or the Balearics, do check that bail bonds are included. Spain also requires an International Driving Licence and you will certainly ensure your own and your family's holiday peace of mind by buying the most comprehensive insurance available.

While I have considerable reservations about many so-called "free" offers, that available from Dan-Air and applying only to their Bournemouth-Channel Islands route until the end of March, is commendably straightforward. If two people travel together at the normal scheduled return fare of £31.60 and stay for six days or more in the island or include a Saturday overnight stay on a shorter visit, six days' car hire is included with the scheduled return fare.

Dan-Air also now operates year-round services to Clermont-Ferrand and Montpellier as well as to Strasbourg and some attractive fly-drive arrangements, with optional overnight hotel accommodation, are available in these less familiar areas of France with the normal proviso that it always works out



cheaper for a party of four than for a couple.

A small specialist operator, Paragon Holidays, gives an option of either taking your own car by sea or using a fly-drive package for their motoring holidays, also covering less well known areas of France.

Bearing in mind the anticipated increases from April onwards, British Airways operates a comprehensive series of "Free-wheelers" to their wide range of scheduled destinations. Under this scheme, which applies to a minimum of two people travelling together, the length of hire period can vary according to the number making up the party. For example, four travelling on BA's scheduled service to Belgrade could hire a small car to tour Yugoslavia for ten days for around £150 each.

Chancery Travel quotes £75 per person, again based on a group of four, for their fly-drive packages to Corsica throughout June and £92 in early July and September.

Unlimited mileage at a wide range of destinations, including five major airports in Spain and the Balearics, is one feature of a new series of fly-drive holidays introduced this year by Intasun. Prices, starting at £77 for a week and £93 for a fortnight, are based on four or five people travelling together.

I spent a few days last summer driving through the lovely Austrian Salzammergut and Austrian Airlines allow you to vary your route and pick up a car in, say, Vienna and return it to Salzburg without additional cost. Unlimited mileage is included.

Your week-end: E. Austria 26.75, Belgium 62.50, France 5.00, Italy 1.65, Greece 76, Spain 138.75, Switzerland 3.00, U.S. 1.975. Source: Thomas Cook.

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cluded and the hire period varies according to the number travelling together.

On my own visits to the Algarve I have been fortunate enough to find a succession of sunny days and TAP's "Sun Drive" again varies the period of car hire according to the number travelling together. The per person rate, for four people and 14 days' car hire based on scheduled day flights to Faro, will again be in the region of £150.

Air France Holidays use different French hotel chains to provide really inclusive arrangements on their a la carte system which operates in association with Europcar while Cox and Kings, using the same car hire company, operates a voucher system for accommodation with a minimum hire period of three days.

The same a la carte designation applies to a series of individual arrangements available from Thompsons who have their own fly-drive programme. Should you feel a bit

adventurous at the turn of the year and if you can form your own party of eight, John Morgan has an excellent arrangement under which you tour Crete for fourteen days by mini-bus, taking tents along with you, at an inclusive mid-season price of £146 per person with flights included.

Finally, nearer home, British Caledonian can supply information about fly-drive arrangements, linked to their own scheduled services from Gatwick to Edinburgh and Glasgow, for a holiday in the superb Scottish scenery.

ADDRESSES: Air France Holidays, 12, Bruton Place, London W1X 7AA. Australian Airlines, 20-21, Conduit Street, London W1 6ET. British Airways, West London Terminal, Cranford Road, London, S.W.7. British Caledonian, Gatwick Airport, Horley, Sussex. Chancery Travel, 100, Cranborne Hill Road, London W8 7TH. Cox and Kings, Vulcan House, 46, Marshfield Street, London W1V 2PA. Dan-Air, Romanic Tower, 16-18, New Broad Street, London EC2M 2AA. Intasun, Fairway House, Dartmouth Road, London SW1P 3HP. John Morgan Travel, 35 Albemarle Street, London W1X 3PA. Paragon Holidays, 64, Gifford Street, Clerkenwell, Surrey KT2 9AD. TAP, Gillingham House, 111, Gillingham Street, London SW1V 1LW. Thompsons Holidays, Greater London House, Hampstead Road, London NW1 7SD.

stamp which goes on sale in France on February 20, to cover the lowest rate for letters going abroad. This carries on a tradition established half a century ago, whereby the higher denominations of the definitive series invariably depict scenery and landmarks. Since 1929, the *serie touristique* has run to several hundred attractive vignettes publicising the rich and infinitely varied French landscape to the world at large.

Britain, by contrast, has been extremely niggardly about flaunting its landmarks on stamps. In face of prolonged agitation for pictorial stamps the Post Office grudgingly included a view of the White Cliffs of Dover on the 5 shilling stamp of 1951, a precursor of the long-lived Castles high values of 1955-67. In the much more liberal atmosphere of the sixties landmarks figured none too prominently in the increased output of stamps and even when actual scenes were reproduced there was a tendency to adopt a stylised treatment. The Post Office made amends between 1969 and 1972 with the splendid thematic sets depicting bridges, cathedrals, churches, university buildings and cottages.

The Palace of Westminster has had more than its fair share of the philatelic limelight on a number of stamps from 1961 to 1975 and in recent years we have had admirable sets honouring Inglo Jones and European Architectural Heritage Year.

With the first special stamps of 1978, however, we have reverted

to a stylistic treatment of the landmarks of vital importance to the economic survival of this country. A set of four stamps goes on sale on January 25 and highlights the four principal sources of energy—oil, coal, gas, whereby the higher denominations of the definitive series, although presumably the artist Peter Murdoch drew on actual examples of coal-mines, North Sea oil-rigs and nuclear power stations for his designs the results are quasi-symbolic. The 11p stamp, devoted to natural gas, merely shows a symbolic flame rising out of the sea.

The Crown dependencies of the British Isles, however, have more than amply compensated for this neglect of our architectural heritage, ever since Jersey, under German occupation in 1943, produced a set of stamps featuring local landmarks. Scenery and landmarks have dominated the definitive sets of Guernsey, Jersey and the Isle of Man since their postal administrations became independent. Guernsey has even used scenic motifs for its postage stamps since their inception in 1969 and now Jersey has followed suit.

The series of 12 "to pay" stamps, which come into use on January 17, was designed by Gordon Drummond and lithographed by the House of Questa. Each stamp depicts the arms of one of the bailiwick's 12 parishes together with a scene from that parish. The vignettes range from Jersey's oldest colliery (dovecote) on the manor of Samares (1p), Quetivel Mill (5p) and St. Helier Har-

bour (12p) to a fine view of Bouley Bay (11p). Neighbouring Guernsey, whose definitive and postage due series have been augmented periodically by short sets featuring churches, lighthouses and even prehistoric dolmens and menhirs, is issuing a set of four stamps on February 7 reproducing antique prints. The stamps have been beautifully engraved, in keeping with the spirit of the originals, by Thomas De La Rue, a firm which is especially proud of its Guernsey origin. The four prints selected were taken from the extensive publications of Matthew Moss a bookseller and publisher who flourished in St. Peter Port in the early 19th century. Moss prints were published at monthly intervals and enjoyed immense popularity in the United Kingdom in the 1830s, greatly helping the nascent tourist industry of the island.

number of the shorter rhododendrons such as Creeping Jenny and Rhododendron Williamianum and also a couple of the wide spreading forms of cherry laurel, Otto Luyken and Zabeliana, which can easily reach a height of three or four feet. Now though I grant that plants such as these can discourage some weeds it seems to me that they positively encourage others, branches for example. Birds eat the fruits and then perch on a convenient bush to digest them and discharge the seeds which germinate safely and unnoticed until the seedlings are already too large to be dislodged easily. I speak with some feeling about this as I grow these shrubs and others like them (Cotonaster conspicuus is a particularly bad offender where, as C. dammeri is ground hugging and harmless) and am constantly having to lie on my stomach in order to get beneath them and chop out the brambles with a sharp spade.

This kind of dense planting has much more to do with aesthetics, or a particular view of them, than it has with labour saving. It was fashionable long before labour began to get so expensive that it was necessary to think of ways of conserving it. Gertrude Jekyll, who never seems to have had to consider cost in anything she undertook, her clients being invariably wealthy, used dense planting for it. The lovely enclosed terrace at Knightsbridge Court, Devon, planted entirely in greys, silvers, pinks and purples, is his and so is much of the delight-

ful walled garden at Wellington, Northumberland. He also designed and planted the garden of old roses and herbaceous perennials at Mottisfont Abbey, Hampshire which has, in a few years, become such an attraction to visitors. In these and many more can be seen the practical application of the principles he advocates of planting so closely that one can be reasonably certain the plants will link up in three or four years in a normally fertile soil. But thereby lies a difficulty. To the garden maker who intends to live in the same place for the next twenty years or so three years will not seem an unreasonable time to wait but how many of them are there to-day? The elderly are in a hurry because they feel that their time is limited and the young are also in a hurry because they are hoping to move to a better house directly their income permits it. There are two possibilities; one to plant more densely than Mr. Thomas recommends, at any rate for the shrubs, with the certainty that there will have to be drastic thinning later on, the other to fill up with temporary plants such as annuals and inexpensive perennials. The first can be costly, the second a little tricky if one is to get a satisfactory mix in the early years but it can be fun trying and one learns a lot about plants in the process.

ARTHUR HELLYER

Two wheel trip

BY GROG SMOSARSKI

THEY WERE cracked. The two struts holding the luggage rack onto the back of my 500 cc four cylinder motorcycle had started to give way under the combination of the gear I was carrying and the French roads.

Just before midnight one day last September I was waiting for my wife and passenger to come back from the municipal campsite washroom in Grasse, in Southern France, with the one bar of soap and the one tube of toothpaste we were carrying, when I noticed that my luggage carrier was less than horizontal. The bolts might be loose, I thought. But they were not. The day before we had been

directed to leave the main road to go round a "deviation." This entailed going over coarse gravel covering a roughly constructed path consisting largely of ruts and potholes. The gravel, almost as lethal to a motorbike as ice slowed us down considerably, but even so the suspension was frequently up against its limits. At one point we had to stop because the small suitcase and holdall held down on the rack by elastic straps had started to come loose. The tent strapped to one side of the rack, and the two sleeping bags on the other held firm. Fortunately we had our most fragile items in a bag on the

tank. But the broken rack was the first major problem after more than a week of driving around France.

As soon as I had forgotten the RAC sign just outside Calais, reminding English speaking drivers to drive on the right, it became second nature. But I must confess that a motorbike rider does have the advantage of sitting in the middle of the vehicle. I had built up enough courage to start overtaking the odd car after about 10 miles. And the 276 kilometres to Paris where I was meeting my wife, took four hours.

We headed south. From Grenoble we took the so called "Route Napoleon" across the Alps. This is a very spectacular road, but makes for very frustrating driving. Much of it is either winding its way up one side of a mountain or down the other, and full of hairpins. Most of the corners are blind, so they should be taken slowly.

However, such cowardice can pay off. We eased into one of the corners, admittedly passing a "travaux" sign as we did so, to be confronted by a sea of gravel. I straightened out immediately, and braked as hard as I dare. We stopped with a foot or two to spare. It is a long way down some of those mountains.

We were stuck in Grasse until we could get the rack mended. The first garage we went to suggested a shop in which to buy a new rack; the man in the shop did not have one, so he suggested welding the broken rack; but neither he nor anyone else had any gas to do the welding. Going down one more side street looking for another "carrosserie" which might have gas, I found the local Honda dealer. Yes, he did have a luggage rack for a 500 four. I said I would have to bring food prices in the shops are my bike round to make sure it fitted. Of course it would, he

told me. Well, it took a few minutes to work out which way the rack should be fixed because the attached brochure advertised other goodies for buying over 500 four, but did not give any fitting instructions. Then we discovered that the rear light units on U.K. model 500 four are much larger than those on French model 500 four. He set to work bending the rack into shape. My wife went off to buy food for our "pique-nique", lunch, and then sat on the pavement getting more and more fed up.

We left two hours later, apologising for having disrupted the man's lunch hour, with the rear blinkers wrapped in tape and held down with insulating tape.

Fortunately he did not charge me for labour. The rack had already cost more than £10 whereas I had expected to pay £20.

What else could go wrong? Well, it started to hail, although it stopped before too long. Then we came across another "deviation." After crossing someone's farmyard we came across two cars towing caravans coming down a steep and narrow grass track, and two cars towing cars vans in front of us trying to climb up. With some arm waving and aggressive discussion the people going our way decided to back down, so we left the others pass. Then my bike wheel just spun in the mud. Only when my wife helped by getting off and pushing did the bike make it to the top.

The value given by the hotel and restaurants was one of the impressive things about France. In almost every town we went to, I found a very good meal for some £10 a head (about £2.50), especially good because food prices in the shops are slightly higher than in this country.

precision. The objects range from an exquisite crystal fountain erected for the Great Exhibition of 1851, through scientific instruments, books, toys, prints to a sinister collection of erotica. Somehow their existence depends on the will of the dreamer; they do not actually cease to exist when he stops thinking about them, they subtly deteriorate.

I sense that there is a powerful movement growing among detective story addicts to elect Mrs. F. D. James to the throne left vacant by Agatha Christie. Her latest book, *Death of an Expert Witness* (Faber, £3.95) has had some enthusiastic reviews, but she is a much wordier

IN THE END one falls back on the old reliable, the entertainers who have seen one through many New Year doldrums in the past. You can number them, the really trustworthy ones, almost on the fingers of one hand; and for me Mr. J. B. Priestley is their leader among the living. I was delighted to find what appeared to be a new work of fiction from his pen in paperback, *The Corflit Crisis* and two other stories (Pan, 80p). Closer inspection showed that the book appeared in hardback two years ago; closer inspection still that the two main stories were in the author's words "originally conceived in dramatic form" which I take to mean that they began life as plays which were for some reason abandoned uncompleted or never performed.

At any rate my pleasure in them was enhanced by seeing them in my mind's eye as new Priestley plays. *The Corflit Crisis* was in fact turned into a radio play and performed a few weeks ago. As a play it belongs to a well-tried genre in which a mysterious stranger suddenly appears among a group of middle-class English people and teaches them how to reorganise their messy lives. I think it was A. A. Milne (now forgotten as a dramatist) who perfected this type of play. The catalyst was the butler usually played by Gerald du Maurier. His sorting-out of the lives of his masters and mistresses was performed according to Christian principles; in Priestley's story where the whole thing has been unconsciously up-dated to the near-present but smacks of the 1930s, the butler called Engram sorts them all out according to Jung and the time theories of J. W. Dunne. None of this obtrudes unduly on what is intended to be read as a simple mystery story and works well enough at that level.

Priestley's other long story in this book, "The Pavilion of Masks," set in an imaginary German principality during the nineteenth century, must have been originally intended as a romantic costume drama. It is a charade but a clever one and shows Priestley's dexterity in sustaining period material when he puts his mind to it. Beneath it all I felt he was hinting at something about identity.

A story which really does work brilliantly on several different levels at once is Brian (pronounced to rhyme with Behan) Moore's *The Great Victorian Collection* (70p), one of a number of novels published recently by Penguin by this Irish writer who now lives in California.

University teacher in that State whose passion is for Victorian dreams while staying in a motel of a priceless collection of Victorian objects: when he wakes up he discovers that the dream has become real, that the objects exist in time and space on the parking lot outside the motel. Mr. Moore establishes his reality for the reader as well as the dreamer with great

All these features emerge strongly in an early book of hers *A Mind to Murder* which has just appeared as a Penguin (55p), and which makes a good introduction to her work. It introduces her sleuth Superintendent Alan Dalgleish of the Yard, whose only eccentricity is that he writes verse which he even scuttles in getting published, and it shows him investigating a mysterious death in a psychiatric out-patient clinic where it is mainly members of the staff rather than their patients who come under suspicion. Mrs. James brings out the tensions between them, the carvers and lovers, with a most authentic touch, likewise the atmosphere down to the last ruing filing-cabinet.

A closed community where not everyone by any means is mentally ill is provided by the University of Oxford. Over the years both detective-story writers and "straight" novelists have found it irresistible, one of them being Michael Innes. Under his real name, J. I. M. Stewart he has now written four non-detective novels of an Oxford quintet. The third one, *A Memorial Service* (Macmillan Books), may be snapped up in paperback for 85p. It tells of a delicate situation for the play-wright-narrator when he returns to his old college as a fellow. The style is a cross between late Powell and early James (Hagarty not Phyllis), for Innes, during a satirical, sticky luncheon the Provost takes a deep draught of claret.

No doubt in the interest of converting into a swallowable bolus the last of his pleasant dream has become real, that the objects exist in time and space on the parking lot outside the motel. Mr. Moore establishes his reality for the reader as well as the dreamer with great

ANTHONY CURTIS

STEWART'S
MINDS
NOW

How to spend it

by Lucia van der Post

Tea timed

OLD HABITS: they say, die hard. I've found that some die surprisingly fast. A short while ago, I was given the opportunity to try out a tea-maker-cum-alarm clock-cum-beside lamp and it has definitely changed my lifestyle. In the old days I used to leap out of bed at crack of dawn to act as a late-day Jeeves to an all-female household (wife and three daughters). Now I can savour the delights of a hot drink without any effort.

My daughters have turned out to be extremely jealous of my new-found gadget and I'm still keeping to my unexpecting firm resolve not to destroy the benefit I derive from it, by getting out of bed to serve them with tea. My wife, of course, wins all round as she gets a cup of tea as well as a living-in Jeeves.

Mind you, learning to live with a tea-maker is not without its hazards. I tried very hard to follow the instructions and setting up the machine the night before is really no problem. But when you react to become a tea-maker, you are rudely shattered by an insistent alarm—to wake up rapidly enough to go through even the simple procedure that is necessary to turn the machine off while ensuring that the light stays on.

One thing I discovered early on, is that these machines are very economical on tea. You should use very little if you only want to make two cups, otherwise you get, as I did, something like a Brown Windsor soup.

Then again, always helps if there is tea in the house. There is (almost) nothing more frustrating than getting hooked on a tea-maker only to find one night that there is none to be had. Only one thing is worse and that is if you



find there is not any coffee either.

A further word of caution. If you are the one who regularly sets up the tea machine always check it carefully if someone else does it, for lack of practice can lead to such things as forgetting to put the tea in the pot and getting instead a cup of hot water in the morning—definitely a bad way to start the day and guaranteed to put a strain on any relationship.

Another problem arising from familiarity is that you might position the kettle stopper incorrectly. The result is that instead of boiling water in the tea pot, you get a horrid hissing noise that sounds (when you are barely half awake) just like a geyser about to explode.

I have to say that in one respect, the machine failed us. One morning, I was out of bed when the alarm went off, so I left it to my wife to turn off. Two minutes later I could bear the noise no longer, and rushed into

the bedroom to turn it off myself.

My wife, of course, was still fast asleep—not what the manufacturer had in mind. She swears, however, that it is effective on the occasions I am away from home and that it is only because she relies on me to wake her up when I am around that she remained so firmly in the land of nod.

If all this sounds as though buying a tea-maker is like stepping into a minefield, it is not meant to (that my wife and I appear incompetent is our problem I suppose). It is merely meant to illustrate how such a simple device can change your life in so many respects.

I find I have now gone off tea at breakfast and insist on coffee, so beware—it could be an expensive purchase if the price of coffee doesn't come down even further. The benefit you derive, a nice hot cup of tea, requiring no effort at that key moment

when you are feeling at your most frail, manifests itself immediately and it really requires no word from me, to make the point.

Tea-makers are, however, rather pricey. The one I tested was the Ekco Hostess (pictured above) at the top of the price range at about £40. Others include Goblind and Morphy Richards. Whatever you choose, it is worth shopping around because the discounts available on manufacturers' recommended retail prices are in some instances very substantial with prices ranging from about £20 (Arnos) upwards. However, the machines do, so I am told, have a very long life and their design and overall appearance has improved greatly. They are still not objects of great beauty but they look much less ugly than once they did.

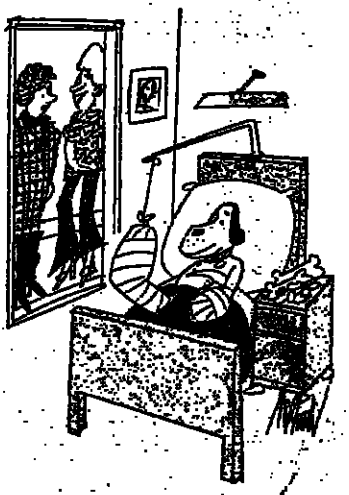
NICHOLAS LESLIE

Petty problems

IT WASN'T until our very small dog barked at an elderly woman on her bicycle causing her to fall off and enrage her sufficiently to make her ask our local police to prosecute us for keeping "a ferocious and unmuzzled dog" that I realised just how expensive keeping a pet can occasionally turn out to be. We were lucky. The policeman took one look at our small Jack Russell and started to laugh before he could finish reading the summons.

It could, however, have been a lot worse. The elderly woman could have been injured (in the event she was, justifiably, just cross). She could have been run into by a following car and the resulting damages could have been high.

So as Christmas is the prime time for the giving of pets it seems a good moment to look at a new scheme for insuring them. Pet Plan has been designed to provide cover for most of the expenses that dogs or cats can incur. There is a choice of two schemes—the more expensive one (£10.50 per annum) includes cover for up to £100,000 of third party claims (plus legal costs in defence of a claim) while the cheaper scheme (£7.75 per annum) excludes this cover.



"Luckily he had full medical insurance"

We have, obviously, so far been lucky with our dog's illnesses in that our vet's fees seem surprisingly low. However, I've just seen a list of typical vet's bills and it is quite clear that they can cause a great deal of expense, particularly in the case of older animals. Enteritis, a common enough complaint, can cost anything from £10 to £31, depending on the severity and the treatment needed.

Operations, of course, are correspondingly more.

Both the Pet Plan schemes offer cover of up to £100 of veterinary fees, resulting from each and every accident and illness—though the first £5 is not recoverable (this is to prevent too many small claims and as it is in any event a sum most people can find relatively easily in this is not too burdensome an exclusion).

The pet-owner may use any veterinary surgeon. He should pay the bill and then send the receipted bill plus a statement of the illness, the date of the commencement and termination of the treatment to Pet Plan, which will then refund the full amount, less the first £5.

Pet Plan does not refuse cover to older animals: provided insurance with them was started before the animal was ten years old. (It appears that it has previously been known for regular insurers to be refused cover once their dogs became elderly).

While vet's bills can cause a steady drain on the family finances, it is the major accident that can be the stuff that nightmares are made of. If your dog runs into a road, causing a car to swerve and damage either car or person, you could be liable for the resultant damage to car or person. Similarly, in the country, if your dog disturbs or molests livestock, you could be prosecuted and the farmer

could claim compensation. For the sake of peace of mind I would think it well worth while taking out the full £10.50 scheme which gives full cover for third party claims, as well as cover for up to £25 of legal costs in case of prosecution under the Dogs (Protection of Life) Act, 1953. (John Philip, our insurance man has pointed out in the past that you probably have household policy.)

If you need any further details or want an application form for insuring your pet write to: Pet Plan Ltd., Syngrove House, 1, Fernhurst Road, London, SW6.

QUIZ

DON'T forget that all entries to the How To Spend It New Year Quiz must be in by Monday, January 8th and we shall publish the names of the three winners as well as the answers to the quiz on Saturday, January 14. In the meantime both Quiz Digest, who provided us with the quiz, and ourselves, apologise for a mistake in No. 5 of the Trees question. Several learned readers have already pointed out that Mohammed received his revelations in a cave, not in a tree. Buddha it was who saw the light under a Bo tree. To be fair to everybody we will simply cut out question No. 5 of the Trees section. I hope it hasn't sent too many of you on a wild goose chase.

Venerable vegetables

BY PHILIPPA DAVENPORT

ONE OF my New Year resolutions is to make more and better use of vegetables. I already eat a lot of vegetables. I love fresh tasting vegetable dishes served as a first course, and I wrote recently in this column about making vegetables into more interesting accompaniments to the main course. But now I plan to take the vegetable theme a step further—to use them as the basis of main course dishes.

It is clear to me that, once you decide to treat vegetables as being worth a dish in their own right, you have to choose and cook them with greater respect—and that means they taste much better. Serving a

selection of really beautifully cooked vegetables with a meat dish means people enjoy eating a lot of vegetables. I love fresh tasting vegetable dishes served as a first course, and I wrote recently in this column about making vegetables into more interesting accompaniments to the main course. But now I plan to take the vegetable theme a step further—to use them as the basis of main course dishes.

Winter vegetables make healthy eating and their clean, fresh tastes and textures are particularly appealing to palates jaded by the richness of Christmas eating. So January seems an ideal time to turn over a new leaf.

STUFFED CABBAGE

serves 4



This is far easier to prepare than it sounds on paper. I like to accompany the cabbage with some sausages: salami, chorizo, or good English pork sausages.

2 lb Savoy or other green cabbage with firm, crinkly leaves, 1 small onion, 3 oz butter, 4 tablespoons chopped parsley, 3 tablespoons fresh breadcrumbs, 3 oz chopped nuts, the zest of a small lemon, 2 eggs, salt and pepper.

Trim the cabbage stalk, reserve 6-8 large outside leaves

and shred the remainder. Gently cook the shredded cabbage and finely chopped onion in the butter. Stir and turn frequently. After 15-20 minutes the vegetables should be softened and lightly coloured. Drain from the heat, stir in the parsley, breadcrumbs, nuts and lemon zest. Add the lightly beaten eggs, season generously and mix well.

Line a mixing bowl with butter muslin. Arrange the reserved cabbage leaves in the bowl, stalk ends downwards. Overlap the leaves slightly, particularly at the base, so there are no gaps. Pile the cabbage mixture into the centre of the leaves. Pull up the cloth round the cabbage as tightly as you can so that the original neat cabbage shape is re-formed and tie securely with string.

Everything up to this stage can be prepared ahead if wished. Lower into a pan of salted boiling water and cook for 20 minutes. Let the muslin parcel drain for a few minutes before unwrapping carefully and then turn the cabbage on to a hot serving dish. Serve immediately.

SPINACH COULBIAC

serves 6



Winter varieties of spinach have tough stalks which are best removed before cooking. This means you may lose up to half the bought weight so use the larger quantity given in the recipe.

2-3 lb. spinach, 3 oz brown rice, 4 hard-boiled eggs, 1 lb. mushrooms, 1 onion, 2 oz butter, chicken stock cube, salt and pepper, 12 oz packet puff pastry, 1 beaten egg, 1 pint sour cream, 5-6 tablespoons yoghurt.

Wash and thoroughly drain the spinach, discarding any tough stalks. Cook the leaves until they wilt. Steam for 10 minutes. This is the best method for this: don't overfill the steamer, but cook the leaves in batches turning them occasionally so the steam penetrates evenly. Turn the cooked spinach into a colander and leave until cool enough

to handle, then squeeze out all moisture and chop roughly.

Meanwhile cook the rice in the spinach water, boosting flavour with a stock cube; sweat the finely chopped onion in 1 oz butter. Sauté the sliced mushrooms in the remaining butter, drain well and sprinkle with plenty of salt and pepper.

Away from the heat, stir the cooked and drained rice into the onion pan. Add the squeezed and chopped spinach plus a generous seasoning of salt and pepper and mix well. (All these preparations can be done well ahead.)

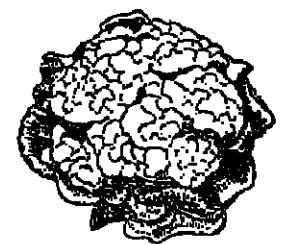
Roll out the pastry very thinly to about 18 inches square and cut into two oblongs, one slightly larger than the other. Put the larger oblong on a greased baking sheet and pile half the spinach mixture, then the mushrooms, then the hard-boiled eggs on top of the spinach mixture. Cover with the second oblong of pastry and trim to fit. Brush the raw edges with beaten egg, roll and seal firmly. Cut steam slits into the top, decorate with leaves made from pastry trimmings and brush all over with beaten egg. Bake at 425 deg. F. for about 25 minutes, until golden and well risen.

Serve with a cold sauce: season the yoghurt with salt and pepper, then vigorously stir in the sour cream until smooth and well blended.

CAULIFLOWER CHEESE

WITH A DIFFERENCE

serves 4



To serve this delicious lunch or supper dish, I stand the dish of cauliflower in the centre of a large round plate, then arrange the grilled bacon rolls and triangles of fried bread around the rim of the plate.

1 medium cauliflower, 2 bunches watercress, 2 oz walnuts, 2 generous tablespoons each butter and flour, 1 pint milk, 3 oz Cheddar cheese, 1 tablespoon grated Parmesan, 3 tablespoons brown breadcrumbs, salt, pepper, nutmeg, 8 rashers streaky bacon, lots of crustless bread cut into triangles.

Divide the cauliflower into sprigs and steam until tender. Strip the leaves from the watercress stalks, blanch by plunging into boiling water and cooking

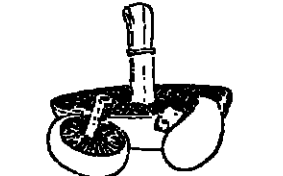
for 1 minute, drain well and squeeze dry. Chop both vegetables very finely. Chop the walnuts quite coarsely.

Make a thick smooth sauce with the butter, flour and milk and simmer for a few minutes. Away from the heat, add the grated Cheddar and, when blended, stir in the vegetables and nuts. Season to taste with salt, pepper and nutmeg. Turn into a soufflé dish of 1½ pints capacity and smooth and level the top with the back of a wet spoon.

Sprinkle on the brown breadcrumbs and Parmesan mixed together. De-rind the bacon and cut each rasher in half lengthwise. Flatten each piece with the back of a knife, then roll up, on a baking tray. Fry the triangles of bread. (Everything up to this point can be done well in advance.) To cook, bake the dish of cauliflower uncovered at 350°F. for 35 to 40 minutes. Place it near the top of the oven and put the bacon tray on the bottom shelf. The triangles of fried bread will take less time to heat through: put them in a single layer on a baking sheet and place it on the floor of the oven for the last ten minutes or so of cooking time.

MUSHROOM PUDDING

serves 4



Cultivated mushrooms are available all year round and this makes them into a warming, well-flavoured dish for a cold day.

Suetcrust pastry made with 1½ lb wholemeal flour, 1½ lb flat mushrooms, 1½ lb button mushrooms, 2 oz butter, 1 large garlic clove, lemon juice, salt, pepper, coriander seeds, 1 pt double cream.

Crush the garlic clove with salt, add it to the softened butter together with a squeeze of lemon juice and a good seasoning of

salt and pepper. Blend well, shape into an oblong, wrap in wet greaseproof and put into the wet-making compartment of a fridge.

Meanwhile wipe all the mushrooms and slice the flat ones. Grease a 2½ pint pudding basin and line it with two-thirds of the pastry. Mix the whole and sliced mushrooms and pile them into the basin adding knobs of cold flavoured butter here and there. Cover and seal with remaining pastry.

Top with buttered and pleated foil, tie securely with string and lower on to a trivet in a large pan of fast-boiling water. Cover and steam for two hours, topping up with extra boiling water as necessary.

Serve with a jug of piping hot sauce: boil the cream until reduced to 1-pt and season well with crushed coriander seeds, salt and freshly-ground black pepper.

ARTICHOKE AND PRAWN PIE

serves 4



A swivel peeler minimises wastage but you will inevitably lose quite a lot of the purchased artichoke weight, so it is best to weigh after peeling. Remember to cut off stringy artichoke ends which are too tough to make pleasant eating. Use ends and peelings to flavour the sauce.

1 lb peeled weight Jerusalem artichokes, 1 lb boiled and peeled weight Mediterranean or Dublin Bay prawns, 9 oz packet puff or flaky pastry, 2 oz Spanish onion, 3-4 large dried fennel stalks, 2½ tablespoons each butter and flour, 1 pint milk, 1 small egg, 1 oz Cheddar cheese, salt, pepper, parsley.

Put the artichoke peelings and fennel stalks into the bottom half of a steamer together with some water and bring to boiling

point. Put the peeled and thickly sliced artichokes in the steamer basket, place over the pan, cover and reduce to a simmer. Cook until the vegetables are just tender: this takes remarkably little time so keep an eye on them. Set the artichokes aside, strain off and reserve their cooking liquor. Finely chop and sweat the onion in the butter. Sprinkle on the flour, blend in the milk and 7 fl. oz. of the artichoke liquor. Cook the sauce, stirring, until quite smooth.

Everything up to this point can be done well in advance. Roll out the pastry very thinly. Using a large dinner plate and a bread and butter plate as templates, cut out a pastry ring. Save the central circle of pastry for vol-au-vents and use trimmings to make fleurons.

Brush with beaten egg and bake at 425 degrees F. for 35 minutes until well risen and golden. Reheat the sauce gently, stir in a good grinding of pepper and the grated cheese. When smoothly blended, add the prawns and artichokes, cover and simmer very gently until thoroughly heated through. Turn the mixture into the centre of the puffed up pastry ring. Sprinkle with coarsely chopped parsley and arrange the fleurons around the edge.

Drawings by Robin Cole

Fashion

If you have got the strength to face the sales (which, frankly, I have not) this year seems to be a particularly good time to replenish your wardrobe. It is no secret that many of the shops did not do quite as much business as they had hoped in the lead-up to Christmas and so there are really good buys to be found if you can just get enough energy together to go searching.

Most of you will probably remember that we had a very long, mild autumn and coat sales suffered disastrously because of this. Well, if you think you need a winter coat either now or next year you would be well advised to go to the sales now. Most of the shops we spoke to are expecting large rises in the price of some coats next winter—for instance, the price of camel cloth has trebled. Though British-made coats are not expected to increase greatly in price, imported ones are likely to be over the £100 mark next winter.

The best buys are likely to be the classic coats. Aquascutum, for instance, do not change the look or style of their coats very much from one year to the next, but the price of a coat in this year's sale (started on January 5) is very much below what it will be next autumn.

Jaeger sales have been on now

since December 28 but you might still find one of their beautifully-cut velvet trench-coats which were reduced to £30.

Hackitt's jackets are, I think, going to be with us for some time and they are a very useful item to have in our changeable climate. Several shops still have some hacking jackets left that will be reduced to the sales. In particular, Harvey Nichols will have Jeff Banks designs reduced from £43.50 to £30. Look out, too, at Harvey Nichols for Stephen Marks swing back coats selling at about £27 each in a box of different colours.

If you need or want cashmere sweaters now is the moment to buy them—they are not reduced by very much but even the £4 off them being offered at Scotch House branches helps.

Leather boots have now become a major investment and anybody wanting a pair of those should have a good look at the shoe sales and at the shoe department of the major department stores. Often they are reduced because they are an odd size (so sales are particularly useful to those with feet that are either larger or smaller than normal).

So to sum up—buy mainly classics, the designs that are built to last and you could be getting something that will give you pleasure for years. Steer clear of the very ephemeral, keep to high quality and this sale time could give you some of the best bargains seen for a long time.

AQUASCUTUM'S own sale at 100 Regent Street, London, W.1 started on Thursday 5th January but their shops-within-shops up and down the country will nearly all be having sales at some time round about now as well. They are a very good place to look for coats and suits of classic design, of high-quality materials, that should last for a long time to come.

If this is the style you like and aim for and feel in need of a new coat then you should certainly have a look among their sales rails. I particularly like this very classic trench-coat style coat, made of 100 per cent. pure wool. This particular model is made in a rather strong check pattern but other checks or plaids are also available. Reduced from £109 to £69 you may be sure that similar coats will be costing a lot more next winter.

The price of leather boots has been one of the shocks of this winter. "Only £25" say the sales tags and we all wonder who can afford them at that price. If you still hanker after some and haven't bought them the sales do bring very worthwhile reductions. For instance, this pair of Charles Jourdan leather boots are beautifully-made—they are lined inside with leather, come in brown or black, and are reduced from £79.50 to £50 at Harvey Nichols of Knightsbridge (their sale starts today). There are several pairs available in most sizes.

Drawings by Jan Wheeler

Photographs by Trevor Humphries

AUGUSTUS BARNETT'S
GREAT WINE & SPIRIT SALE NOW
AT ALL 160 BRANCHES



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Harvey Nichols of Knightsbridge is one of my favourite shops at the moment—it is the place I would indulge myself in should I win the pools. Their sale which starts today, consists mainly of reductions on all their normal stock—they have bought in a few items for the sale but these are all in line with their normal merchandise. So if you've been eyeing something all season that you haven't been able to afford, it is worth going along as soon as you can.

Among the items they'll be reducing are Prince of Wales sweaters which were £39 and will be down to £26, Cacharel shirts from £20 to £10, Mary Quant Vivella blouses from £14 to £9, as well as the Jeff Banks hacking jackets and Stephen Marks coats already mentioned.

There's a lovely soft pure camelhair coat by Rodex reduced from £165 to £82 and, on a more light-hearted note, there are leg-warmers from £11.50 to £7.

A particularly good buy seems to be the 100 per cent. wool Marcel Fenez two-piece suits (above) in soft paisley patterns of mainly brown or mainly red. The skirt is soft and flared with a full round the bottom, the top is frilled at neck and sleeves. Normally £69 they have been reduced to £24.50.



BENETTON is a fairly new shop that opened last June at 6, South Molton Street, London, W.1. Although there are 300 branches in Italy and one in Paris, this is the first one in England. Basically, Benetton specialises in a wide variety of high-quality casual or leisure clothes, all of which come in matching colours so that a co-ordinating outfit can easily be put together. There's a very large selection of colours (we photographed the trousers and sweater, above, in a bright coral pink) and you ought to be able to find a shirt, trousers, skirt and sweater, all in matching colours.

They specialise in cord jeans, ordinary jeans, sweaters, skirts and accessories like scarves and belts. These are all available during the year at normal times but starting Thursday January 12 they will be having a sale during which there will be many reductions.

The 100 per cent. cord trousers shown in our picture come in about 12 different colours, are normally about £20, but during the sale will be £15. The scarf comes in colours, to match sweaters and trousers and is normally £5.90, reduced during the sale to £1.50. The sweater, in pure wool, up to a size 14, comes in about eight different colours and will be reduced from £19.90 to £16.00.

Benetton is useful for the very small because their sizes start at size 6 and go up to size 14.

The jacket we put with the trousers and sweater is not from Benetton and is not available in the sale. Made by the Italian firm of Cleo Gioia, 100 per cent. pure wool, it costs £59.55 from The Shop at Michaela, 44, Harrington Road, London, S.W.7.

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NAME _____

ADDRESS _____

Boats

New rush to the water

BY STUART ALEXANDER

WESTERLY MARINE sold 84 boats at the Southampton Boat Show in September last, a good enough result by any standards, especially when compared with the much larger London Boat Show of a year ago at which the same company sold about five more.

But more significant was the fact that all of those 84 were sold direct to U.K. buyers. It seems that the autumn of 1977 marked the end of the great famine in home boat sales and may have signalled a revival which will continue all the way through 1978. This year's London Boat Show, which opened two days ago at Earls Court, therefore takes on new significance.

The decade of uncertainty for the U.K. boat industry in the 1970s has taken another lurch which will require those companies which have proper marketing departments to move both rapidly and cleverly in a bid to make boats available to a resurgent home market. At the same time they must continue to nurture those export markets so hard won over the last five years but currently also going through a lean patch.

One spin-off for the potential buyer walking round the stands at the show will be the willingness of some of the smaller builders to snatch eagerly at the opportunity for a good year. That will mean more discounting, a promise of delivery "in time for the season" and the inevitable stretching of that wait for an unlucky few.

But with interest rates down, prices rising at about 1.5 per cent a month, salaries and wages higher and the prospects of a boost in property prices around the corner, the continuing flight from capital is likely to lead a good few to pluck up courage and buy.

The higher cost of sails and most initial equipment—with the exception of some engines—where a fierce battle is breaking out in the U.K.—coupled with day and night wages in the boatyards are sure to work their way through quickly, while any rise in the cost of oil will be reflected in increased resin costs.

However, there remains the one great dilemma of the U.K. boat industry, which all thought popular, coming as it does at the end of the summer, but it is few years. That is that in times

of poor sales the big yards have to struggle to maintain profit margins, while some smaller yards go into hibernation, and the whole industry has a generally poor time.

Then, when life improves, the myriad of small boatbuilders re-emerges, ready to undercut the big producers. It only takes two men, a bandsaw and a willing dog to set up a boatyard and with each sale a highly individual matter—as opposed to the bulk orders placed by major overseas agents—the market is quickly fragmented.

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Advantage

In the past three years the major producers of both boats and equipment have looked to sales overseas to carry them over the lean times at home.

The latter began with the hefty drop in the stock market, were made worse by the imposition of 25 per cent VAT—now thankfully reduced to 12.5 per cent—but still a bone of contention—and then compounded by a falling pound and a severe incomes policy.

Now the overseas producers have responded to the competition from Britain. They are able to take advantage of the strengthening pound and the strengthening market while, in the case of the Swedes, they have a very large number of boats ready and available for delivery at prices which are falling into line again with the competition.

Meanwhile there will be the usual crop of new designs and products at Earls Court, with a heavy leaning of boats that have been seen many times before.

Theme of this year's show will be Scotland, with the Scottish Development Agency, the Highlands and Islands Development Board, the Scottish Tourist Board and the Strathclyde Regional Council joining forces to sell Scotland as both a holiday and a cruising centre and a higher wages in the boatyards are sure to work their way through quickly, while any rise in the cost of oil will be reflected in increased resin costs.

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weather. So far the latter has been kind.

There are those in the industry who would like to see instead a major European show at that time in the Amsterdam, Dusseldorf, Hamburg triangle as well as a major show in the U.K. But London is still a good place to launch new products, especially ancillary equipment.

Although specifications for original equipment have become more sophisticated in the 1970s, many boats are still sold with the bare minimum, sometimes because the manufacturer has always done it that way in order to keep the basic price attractive. Sometimes because customers prefer to finish off the boat themselves either with equipment of their own choice, or with equipment they already own. Many boats are available in all stages of construction from the hull and deck upwards for the owner to finish off himself.

But the show is not just about boats. Engines and radios, bilge pumps and oilskins are all on display to entice the existing or potential owner. More and more people are now fitting ship-to-shore radios and Guy Dixon of Electronic Laboratories, which produces the Seavoice range, reports that these are now being installed in boats anything from 15 feet-long upwards.

Another feature of this year's show will be Dinghyland, which has been given a space of its own for the first time this year. The idea is to attract more people into buying dinghies for the first time following a serious drop in sales of this kind of boat.

Although the dinghy racing fraternity is still as dedicated as

ever, very few people are now buying this type of boat for pleasure sailing. Once again the slump came at the time of 28 per cent VAT. Since then manufacturing costs have risen steeply until it is now quite common to pay about £1,000 for a dinghy. This has put a lot of people off—bearing in mind that there will be the additional costs of a trailer, travelling and insurance—so the industry has become worried at the lack of new people taking to the water in their own boats who could be expected to provide the cruising boat buyers of a few years time.

This is also one of the reasons why the average size of cruising boat being sold in the last three years has steadily gone up until it is now about 30 feet. Many buyers are now on their second, third or even fourth boats, a process which has been helped by the strong market in second-hand boats among buyers from mainland Europe.

This in turn has led to increased competition among yacht brokers, who have recognised a lucrative market at a time when their traditional hunting ground in the U.K. has been rather thin. The brokerage system, whereby the yacht is sold by an agent on the owner's behalf and a commission paid of about 8 per cent, works well on most occasions, but it is important to ensure that the broker is a reputable one.

If you do not want to buy a boat, but think you would enjoy a holiday afloat, then the show also offers many opportunities to charter or hire the craft of your dreams. Most of these holidays are very straight-

forward and are operated by large or well-established companies.

Whereas two or three years ago the prospect was very bleak, with any luck at all the industry should be moving back into prosperity for the remainder of the decade. The possibility of a general election in 1978 preceded by some cuts and more relaxation on the all boats to continue which should be translated in more signatures on the bottom of cheques.

Just one word of warning. When buying a boat, remember you have to put it somewhere. The appearance of six tons of glass fibre, however beautiful, moulded, in your front yard is likely to upset your wife's neighbours and enrage a council.

Moorings are again looking little scarce in certain areas, although with the Bright Marina now open for business and offering about 2,000 berths on both long and short-term, the position could be eased slightly.

It is best, however, to make sure you have somewhere to put your pride and joy before you buy it rather than after. There is already a need for extra moorings in the Solent and waiting lists are long for public moorings. Marinas are charging £14-plus per foot per annum plus, of course, VAT and other charges. Even if you may not be lucky. At with boats, from the minute you own one you need all the luck you can get.

Most of the show will be for ordinary buyers who can see now the opportunity to buy,

navigation equipment and radio facilities are now improving very rapidly and offer much better safety factors for inexperienced sailors than were available only a few years ago.

The GPO and the other European authorities responsible for radio have put considerable funds into expanding the VHF radio-telephone network for marine use. This is probably the biggest single new factor for cutting down loss of life at sea. Sets are reasonably priced and are expected to become cheaper because of keen international competition for what is a world-wide market.

Finally, new generation equipment for yachtsmen to find their position at sea by radio-beacons is now starting to appear on the market. It will make life easier for experienced navigators and, it is hoped, should help some tyros avoid getting lost.

BOAT SHOW '78 EARLS COURT UNTIL 15th JANUARY

OPEN ALL WEEKENDS

The splendour of the Highlands... the heady Scottish flavour of the 1975

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FINANCIAL TIMES REPORT



A general view of the Boat Show.

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Boats

Era of the gadget

BY STUART ALEXANDER

SOONER have you bought the choice for the cruising man than you find yourself too. Besides its GK29 half-tonner to complement the GK34 1-tonner, Westerly also introduces the 21, a small family cruiser, a 33-foot cruiser and a 35-foot cruiser. It has also taken a factory at Poole to produce the J24, an American boat which has been selling well in the States. Westerly has the sole agency to build and market the boat in Britain, Europe and the Mediterranean littoral and is hoping for successes over here to equal the boat's home country.

There is also every year a new model on display, sensibly to "fill a gap in the market" but also to help persuade existing owners to trade in another step and spend a few pounds in the process. Among the bigger boats appearing in the Solent on the end of March will be the production two-tonner on Swan designed by Ron Holland and campaigned in its original version as Imp as part of the U.S. Admiral's team in 1977. The boat caught everybody's eye, it just for its colour scheme of mid-shades of green, but for its pretty lines and consistently good performance.

There will also be quite a bit of emphasis on half-tonners as Britain is host to the World Championship at Poole this year. A ready it is being predicted at there will be more half-tonners in the racing fleets than the other boats put together. Although that may be to be an exaggeration it is certain that a very fierce title will have to be fought to get into the final trials of the British team.

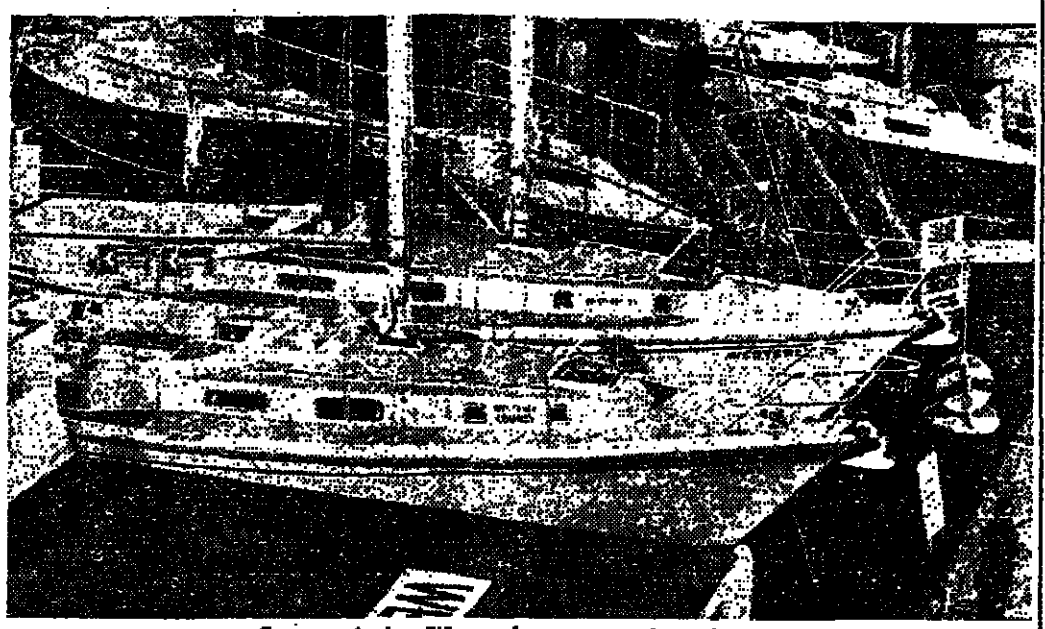
As well as the usual clutch of off-hopefuls, Camper and Nicholson, Westerly, Shamrock, Ithelson, and the half-ton Conquest are all in full production, and as well as being available to the out-and-out racing This is partly because they have considerably widened their great possibilities for a

Bargain

At present Coral is not expecting to expand its manufacturing interests all that much. It is taking a gentle look at the possibility of any new marina projects and is in the meantime concentrating on building up the brokerage side of its business. It has opened a branch at Plymouth recently and hopes to open more soon. Its 28-foot boat falls within a very competitive section of the market, but the company hopes to sell about 25 this year.

One area where a visitor to Earl's Court should be able to look for a keen bargain is in the engine department. Following the oil shortage and price rise coupled with the 25 per cent VAT on the hull, sales of power boats dropped very sharply and with them the sale of engines. These have stayed low yet the manufacturers have been hotting up their sales organisations in Britain.

This is partly because they have considerably widened their great possibilities for a



Some of the Westerly range of yachts.

some time or other had to turn to his faithful Seafix when other more sophisticated equipment has gone wrong, the company makes it has been steadily expanding its range of products to meet a market that is becoming more and more safety-conscious on the one hand and familiar with electronic gadgetry on the other. It has already produced a low-cost ship-to-shore link that is finding its way on to boats of all shapes and sizes and has followed this with a radar system that most middle to upper range owners can afford. It is now working on a new kind of direction finder that will be tuned using a liquid crystal display to read out the wave band, thus reducing the doubt and

Raising safety standards

BY ROY HODSON



Instruction on a Churchill Motor School yacht.

THE yachting authorities and journals regularly analyse the Royal National Lifeboat Institution (RNLI) figures for accidents in British coastal waters. The primary object is to keep things in perspective. When the figures are broken down into types of mishap they invariably show that properly equipped yachts with experienced crews do not place an unreasonable burden upon the rescue services.

Meanwhile the RNLI returns consistently show how serious are the attendant perils when people treat the sea with disrespect. Accidents with dinghies loom large. Inflatable blow from beaches and out to sea, often with children on board. Sailing dinghies and tenders capsize because they are mishandled or overloaded. A third category of accident which concerns the boating industry consists of those unnecessary tragedies which arise because people are untrained to go to sea or have not equipped their boat properly.

Training

Thus the importance of proper training for all sailors—whether they race dinghies on inland waters, use the canals or go offshore—is increasingly being recognised by the boating industry. The kind of cheery talk sometimes heard round yacht club bars about the freedom of the seas and the liberty of the sailor to go as he pleases fails to take account of the changed circumstances that already exist in many parts of the world outside Britain. The majority of the nations of Continental Europe

now require certificates of personal competence to be held by yachtsmen, or licences for boats and their equipment, and in some cases both forms of control. In the U.S. spot checks upon yachts and their safety equipment are regularly carried out by the U.S. Coastguard.

Britain is now in an unusual position among the nations where sailing has become a popular activity in that in British coastal and inland waters access and passage is virtually unrestricted whatever your level of skill or however rudimentary your craft.

A consensus of sailing opinion at the present time would probably be against legislation to control the standards of yachts and yachtsmen. It is a fair argument that so many of the accidents result from people who are not properly amateur sailors at all acting foolishly. Nevertheless attitudes towards legislation are changing and the concept is less objectionable to the majority than it used to be.

The boating industry, whose livelihood depends upon boating remaining sufficiently safe to be politically and socially acceptable, is inclining to the view that legislation will be introduced into Britain sooner or later. The Royal Yachting Association (RYA), the training schools and the yacht clubs are involving themselves heavily in a new training programme for sailors at all levels. During this winter more than 200 night school courses are running throughout Britain on navigation and seamanship. The sailing and the motor cruiser training schools are looking forward to having their busiest year ever in 1978, with more husband-and-wife teams learning to handle family boats than in any previous year.

Mr. Henry Harris, head of the Churchill Motor Cruiser School, estimates that between 30 per cent and 40 per cent of the students now booking for his courses are women. The schools are reasonably

confident that the majority of aspiring boat owners have now accepted that there is more to competent ownership than simply driving away down the river or canal or out to sea. The strength of the national instructional programme by the commercial schools, the yacht clubs and the local authority night schools means that a ready-made educational instrument exists should some future government decide to fall into line with Germany, France and a number of other countries and pass legislation to put the control of small boats on a formal basis.

Five years ago the Royal Yachting Association took over prime responsibility from the Department of Trade for the Yachtmaster's Certificate—a qualification of a high standard which was originally intended to provide a trained reserve of small boat skippers which could be called upon by the Admiralty in times of national emergency.

Since then the Yachtmaster Certificate syllabus has been modified more than once to bring it completely into line with modern requirements. Some 1,600 have qualified and the certificate is recognised as a measure of competence.

The RYA has also devoted a lot of attention to encouraging courses for sailing novices and for people with only limited experience. For them the Coastal Certificate Parts 1 and 2 has been introduced. Finally a special National Motor Cruising Certificate was introduced last year for motor craft owners who previously felt the courses were weighted towards sailing people.

The RYA is now looking once again at the structure of courses and certificates and has in mind some further changes so that people anxious to study navigation and seamanship can progress smoothly through a series of training steps, usually over a period of several years while practical boating experience is being gained.

The newly-styled courses recognise that there is much more to handling a small craft than being able to make it go or fix its position by dead reckoning or navigational aids. The courses are now giving emphasis to rescue procedures, to the maintenance of essential rescue equipment, and to the need for boat-owners to act with courtesy and consideration to other water-users.

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HOME NEWS

Tories 'must seek to curb growth of union power'

BY PHILIP RAWSTORNE

CONSERVATIVES must seek a mandate at the next general election to curb the growth in the political power of union leaders, Sir Geoffrey Howe, Tory Shadow Chancellor, said last night.

"We must invite the electorate to demand a fundamental change in the objectives and role of Britain's trade unions," he told a party meeting at Swindon.

The aim should be to ensure that it was much less easy for trade union leaders to "continue the pursuit of socialism regardless of the wishes of their members."

Sir Geoffrey, one of the architects of the ill-fated Industrial Relations Act, did not spell out

suggested changes in party policy or legislative proposals.

But the abrasive tone of his speech contrasted sharply with the official policy statements recently by Mr. James Prior, Conservative employment spokesman, who has been rebuilding the party's relations with the unions.

Sir Geoffrey said that the right question to put to the people was not how would the Conservative government get on with the unions, but how could the Labour Party and union leaders go on justifying policies and attitudes which had left their members so much worse off?

Union leaders had used their "profoundly undemocratic domination" of the Labour Party to restrict individual freedom through the closed shop and to hold back living standards by hostility to private enterprise.

If a Labour government were returned, union power would be used to secure further massive nationalisation, penal taxes, defence cuts and extensions of State interference into almost every part of the free enterprise system.

Sir Geoffrey said the prospect was one of "an increasingly Soviet-style future."

The TUC General Council was establishing closer official intimacy with the so-called union leaders of the Soviet bloc and about 50 members of the British

Communist Party held seats on the executives of the country's 13 largest unions.

"Small comfort here for those who pooh-pooh warnings about the leftward march of Britain's labour union leaders," he declared.

Sir Callaghan's links with the union movement did not suggest that he was the man to check still less reverse the growth in political power of the unions' medieval barons.

"Yet that is what the great mass of the British people would wish to see. At the next election we shall be inviting the electorate not just to reject socialism but to secure a change in Government."

Thatcher sets a cracking pace

BY RAY PERMAN, SCOTTISH CORRESPONDENT

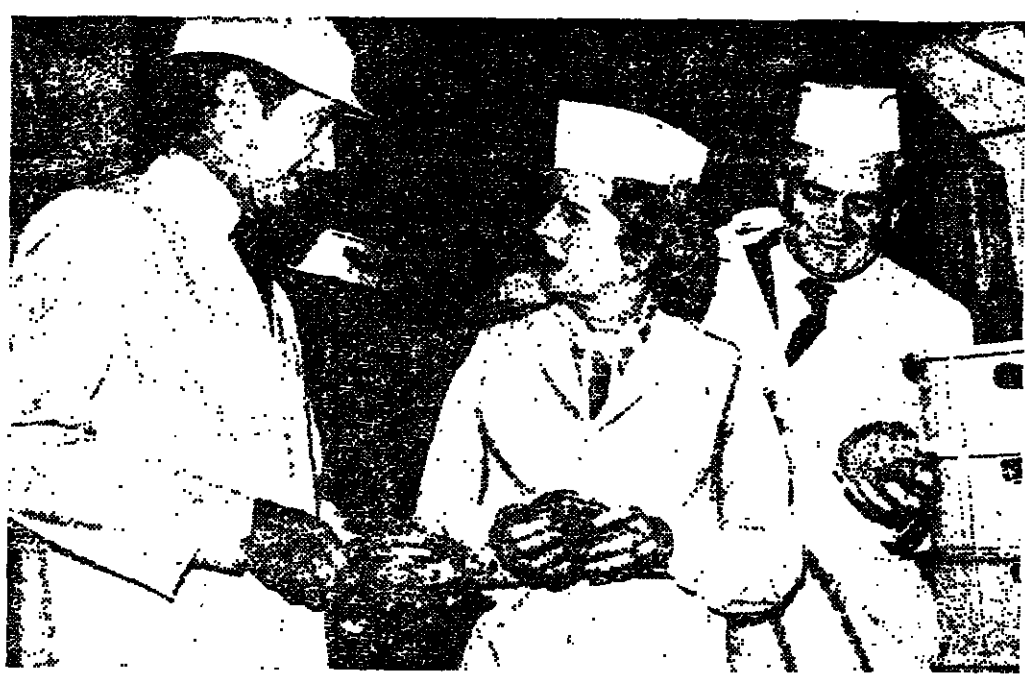
DURING HER last visit to Scotland, Mrs. Margaret Thatcher was taken to task by the *Inverness Courier* for arriving early for her appointments. Had no one told her, the leader writer demanded, that it was considered the height of discourtesy in the Highlands to be ahead of time?

While Mr. Edward Heath is still remembered in the North for the good-mannered way he was always late for everything, his successor as Opposition leader proved again yesterday that she is still sticking to her southern punctuality.

Mrs. Thatcher arrived a few minutes before schedule at Lawson's heath and golf factory at Dyce, near Aberdeen, and set a cracking pace on a tour of the production lines.

It was fast enough for her to be able to ignore the worker whistling "Flower of Scotland" anthem of the Scottish National Party, but not quick enough to avoid the lady sausage packer who recognised Mrs. Thatcher's dress as identical to her own—a neat woolen style bought by her daughter in Marks and Spencer.

After searching for a copy of *Mill of Kintyre* in the record stand of a supermarket in Cairn, where the Conservative leader went on a walk-about, she was taken to Inverurie for the high spot of the day: lunch at a cafe famous locally for its tatties and mince.



Mrs. Thatcher learns of the mysteries of haggis production.

She pronounced them delicious. At Tay's paper mills near the town, Mrs. Thatcher was sufficiently impressed by samples of wood grown in Scotland and in Sweden showing how much faster the home product grew, that she called the Press into the manager's office for an impromptu lecture on the need for Britain to plant

more timber.

By the end of this visit, her ninth to Scotland since becoming leader, Mrs. Thatcher hopes to have covered nearly every constituency in the country.

She told party workers on Thursday evening that she wanted the next election to be a splendid victory, not merely a stalemate. To achieve this,

she admits, the Scottish party will have to recapture many of the 20 seats lost to Labour and the SNP over the last two decades.

The party now holds only 16 of the 71 Scottish constituencies and the latest opinion poll shows the Conservatives in third place, with only 26 per cent. support.

Licensees attack club law

By David Freud

BRITAIN'S 30,000 independent licensees have launched a campaign against the law governing social clubs. They say the clubs "enjoy all kinds of concessions which pubs are denied."

The National Union of Licensed Victuallers says that in 1964 there were 90,000 pubs, of which only 65,000 have survived. But the number of clubs has risen from 4,000 to 30,000.

The publicans say one of the key advantages enjoyed by clubs is that they can attract people with high parking earnings. Pubs can install amusement machines with prizes worth only 50p, paid out mostly in tokens.

Oil output

North Sea oil production fell in November by an average of 37,439 barrels a day, largely as a result of a cut in output from Occidental's Piper Field. Piper's interrupted flow was mainly due to commissioning work on the nearby sister discovery, the Claymore Field.

Price increases

THE number of price increases notified to retail trade buyers fell to the pre-Christmas period. The Institute of Purchasing and Supply reported yesterday. The institute's monitoring of prices for December revealed that those suppliers who notified price rises sought average increases of 8.2 per cent., compared with 7.5 per cent. in November.

Newspaper plan

George Outram, publishers of the Glasgow Herald and Evening Times, announced a 7m. plan yesterday for the introduction of computerised production for both newspapers.

Submarine ban

Naval dockyard workers at Portsmouth have warned that they will black all future repair work on the submarine HMS Oracle, after the Ministry of Defence decision to re-fit the submarine at Clyde commercial shipbuilders Scott Lithgow. It is the first warship for several years to be refitted at a non-naval yard.

Unionists angry

The mainly Catholic Social Democratic and Labour Party has angered Ulster Unionists with its firm opposition to any increase in the number of Northern Ireland seats at Westminster.

Second bridge

The go-ahead was given yesterday by the Government for the building of a 2,14m. second bridge over the River Foyle, Londonderry.

Arab envoy to U.K. warned of threat of parcel bombs

BY RICHARD JOHNS

MR. ADNAN OMRAN, Syrian Ambassador to the U.K., yesterday received a warning from his colleagues in Paris about the danger of parcel bombs and letters posted from Strasbourg.

The French police had intercepted mail addressed to the Syrian and other Arab embassies in Paris containing explosive chemicals which would be detonated on opening the sealed containers, according to Mr. Oumran.

As the investigation by Scotland Yard's anti-fraud squad continued yesterday, Mr. Oumran refused to subscribe to the widely accepted theory that the murder on Wednesday of Mr. Said Hanumani, the Palestine Liberation Organisation's representative in London, was the result of extreme left-wing Palestinian elements.

The Syrian envoy—evidently the target of the car bomb in Mayfair which killed two of his colleagues on New Year's Eve—asserted that all possibilities would still have to be considered. Despite Mr. Oumran's guarded reticence, the foiling in the Arab community is that in shooting Mr. Hanumani the killer was

assassinating Mr. Yassir Arafat, chairman of the PLO, "by proxy."

This follows reports of a deep division within the Palestinian movement over how far it should go in condoning or condemning Mr. Arafat's initiative.

According to the latest edition of the Middle East news magazine *Events*, Mr. Arafat was under virtual house arrest by hard-liners of the PLO during last month's restricted summit meeting in Tripoli.

A member of the three-man PLO delegation which arrived from Beirut to collect Mr. Hanumani's body, denied that they intended to pursue their own investigation into his murder.

They attended the inquest held yesterday at Westminster Coroner's Court at which Professor Keith Simpson, chief pathologist at the Home Office, said that the cause of death was a fire-arm wound to the head. The inquest has been adjourned until March 1.

Mr. Hanumani's body will be flown to Beirut after a funeral service at the London mosque in Regent's Park, planned for 8 a.m. today.

Smaller companies help to boost unit trusts

BY ADRIENNE GLEESON

SMALL COMPANIES have shown a recovery in the U.K. stock market right up to the end of 1977, and the latest performance figures from the unit trust industry reflect the fact.

Trusts specialising in such areas dominate the top of the recovery figures, with M & G Recovery Funds continuing to lead the way, up 11.7 per cent. over the 12 months to January 1. The same trust has put up the best performance over two years (with a gain of 124.5 per cent.) and the smaller Personal Group Growth (with a gain of 101 per cent.).

Stockbrokers have also put up a very strong showing, with four out of the next five places. Framlington Capital and Framlington Income, both of which were managed by Laurence Trust, have gained 97.1 and 84.7 per cent. respectively, and the tables

show a rise of 87.2 per cent. for Discretionary (managed by Greene and Co.), and one of 80.3 per cent. for Anderson Unit Trust (managed by Anderson and Co.). The Framlington Funds and Discretionary tend to invest in smaller companies.

Over the past 12 months, 122 unit trusts have outperformed the FT All-Share Index—which rose by 48.3 per cent.—while 158 bettered the 41.8 per cent. improvement shown by the FT Industrial Ordinary Index.

Fewer failures

COMPANY FAILURES in the last quarter of 1977 dropped sharply compared with the same period in 1976, the Trade Indemnity Company said yesterday.

According to their monitoring of bankruptcies and company liquidations, there were 440 failures in the last quarter of 1977 compared with 600 in the same period in 1976.

The total of company failures listed in 1977 was 1,970, which was below the level of the previous two years.

Government may ease political ban

By David Churchill

THE PRIME MINISTER is studying the draft report of the Armistice committee, which is expected to allow a limited extension of political freedom—now restricted by law—for about 150,000 middle rank Civil Servants.

The report, expected to be published soon, will be several months late because of a split on the committee over how far the rules should be relaxed.

Mrs. Barbara Castle, Labour MP for Blackburn, and Mr. Stanley Mayne, former general secretary of the Institution of Professional Civil Servants were believed to favour a general freedom for most civil servants, including those at senior level, unless this work was considered too sensitive.

But other members of the committee felt there was little real freedom among Civil Servants to freedom to engage in political activities—such as being elected to local councils—to warrant relaxation of the present curbs. They felt that too much freedom could be open to abuse.

The compromise believed to have been worked out by the committee—not being considered by the Prime Minister—is that middle management grades should be allowed to take part in politics, but only with specific approval of their Department. Civil servants would still be barred from political activities, but clerical grades would be given virtual freedom to take part in politics.

Steel wins support over pact

By Ivor Owen, Parliamentary Staff

LIBERALS in the Isle of Wight have taken the lead in trying to ensure that the party's special assembly on January 21 will leave Mr. David Steel with room for manoeuvre in ending the Lib-Lab pact.

A local Liberal councillor has joined the principal officers of the Isle of Wight Liberal Association in supporting resolution designed to provide the assembly with a halfway house between ending the pact immediately or when the Finance Bill has completed its passage through Parliament in the summer.

The resolution asks the special assembly to recognise that trends for 1978 indicate that current Government policy is proving "generally effective, and urges continued support for the Government in matters that are not alien to Liberal policy."

Car chief backs re-styling projects

By Terry Dodsworth, Motor Industry Correspondent

SUBSTANTIAL face lifts of the Marina and Princess models are two of the main ingredients of the prodrome plans now being formulated to see Leyland Cars through to the 1980s.

Both these projects are already well in hand, although Mr. Michael Edwards, the new chairman, is likely to want them pushed ahead as rapidly as possible. The Marina facelift, which will give the car entirely new styling, is due next year and the new Princess should also be ready at the same time.

Among the plans for the Princess, a model with a great deal of potential, but so far a bitter disappointment to Leyland, are a new engine this year, plus a diesel variant, and a hatchback body styling, incorporating a rear door.

For the longer term, the new management seems to be following the general aim established by the former team of a three to four model line-up in the volume division, supplemented by two specialist cars in the luxury division.

The major difference of policy will be the move towards a new kind of replacement for the Vauxhall. Mr. Edwards stressed yesterday that the new vehicle, code named the ADO-88, had not been abandoned but would be stretched from the original plans.

This means that it will have a 1100 cc engine, 11 feet 6 inches and 12 feet wheelbase, which is in line with the size of the super-minis such as the Ford Fiesta.

For some time, at least, the aim is to produce the new car at Longbridge, Birmingham, alongside the original Mini, which is about 10 feet long.

Phased out

Presumably, this vehicle will eventually be phased out, although it is not clear whether Leyland intends to try to maintain a position in this sector of the market.

Above these vehicles, there will be a medium range car, the LEO, with a number of derivatives, and above that a larger Princess replacement. The specialist car division will be represented by the Rover and Jaguar ranges, with the present Jaguars setting a minor face lift in the not too distant future.

The major question still to be resolved lies in the sports car sector, where Leyland remains the only big volume producer in the world with a wide range of specially designed products.

These cars—the TR7, the MGB, the Midget and the Jaguar S—are all aimed chiefly at the U.S. market, but could also provide the spearhead for an attack on Japan in the past U.S. sales have generally proved lucrative.

On the other hand, Leyland's Speke plant at Liverpool, where the relatively new TR7 is made, has a record of industrial unrest, and is said to be unprofitable at present. On these grounds it could be a candidate for the axe, particularly since its product range is highly self-contained.

It supplies other plants with bodies for the DeLia, which is due to be phased out in about two years.

The Maxi model will also go, most probably when the revised Princess comes on stream to provide the competitor in the hatchback sector.

Ford puts up prices by average of 4.8%

By Stuart Alexander

FORD raised its car prices an average 4.8 per cent. from midnight last night, the first price rise for nearly six months. Until the end of last July car makers had been increasing prices quarterly, but then gave an undertaking to try to hold prices for six months.

Last month Vauxhall raised its prices 5 per cent., saying it could delay no longer. With Ford having followed suit, Leyland and Chrysler are expected to fall in line soon.

Last night Ford said it would hold the new price levels for as long as possible, but could give an undertaking to try to hold prices for a further six-month delay before another price rise.

Ford said the strength of the pound and slowdown in the rise of raw materials and steel prices had helped it delay the price rise. But labour costs were up 12 per cent., steel 12.8 per cent. and rubber 10.13 per cent.

Examples of the new Ford prices, including all taxes, with old prices in brackets are: Escort Popular 1100 two-door, £12,122 (£12,025); Escort 1300L two-door, £12,357 (£12,408); Fiesta 950 1216 (£12,115); Fiesta 1100L 1253 (£12,442); Cortina 1300 two-door, £12,646 (£12,523); Cortina 1600L four-door, £13,120 (£12,974); Capri 1300 2.792 (£12,581); Capri 2000 Ghia, £14,897 (£14,751); Granada 2.0 GL 1347 (£14,151); Granada 2.8 GL automatic £15,912 (£15,535).

PUBLIC TROUBLES OF A PRIVATE MAN

Whittaker succumbs to Leyland blight

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE JOB that Mr. Derek Whittaker has given up at Leyland Cars is probably one of the most thankless and difficult in the motor business, especially for a man with little previous experience of the political and industrial world at the top of industry.

Yesterday, there were few people who had either worked with him or met him during his two and a half years as managing director of Leyland Cars who were not sorry about the way his career there ended.

His equally almost everyone blamed the Ryder Report on Leyland, and the decisions taken as a result, for pushing him into an impossible situation.

Mr. Whittaker's problem was that he was promoted rapidly, following the Ryder recommendation to pull together, for the first time, all British Leyland's car production facilities, a 130,000-strong workforce and a mass of financial, production and labour troubles.

His background for this job was sound because he had been brought up in the motor industry (his father used to run the Ford assembly plant at Dagenham) and he was a financial and production expert.

Withdrawn approach

But he also has an abrasive character with an uncompromising attitude to industrial problems. His somewhat withdrawn approach, which made it difficult for him to present beliefs in a way that would encourage support from many managers and union officials.

Those who have worked closely with him respect him highly, but his style was too private and withdrawn for this respect to be communicated far.

He lives in a village between Henley and Oxford with his wife and family and yesterday, when he was refusing to be interviewed, his wife was the only source of information about his mood. "Derek has always been a very private man—he would

never come home and cry on my shoulder," she said.

He had left for work yesterday morning saying he would be home at 8 p.m. and, said Mrs. Whittaker, "I could not tell from his manner what he has been thinking because he completely switches off when he gets home."

But she was sure that his move had not been a "snap decision."



Mr. Derek Whittaker

because "he certainly isn't a hot-headed person."

Mr. Whittaker's rise to the top of the motor industry began when he joined Briggs Motor Bodies in 1946 at the age of 17. Briggs later became part of Ford where Mr. Whittaker was controller of the transmission and chassis division. In 1967 he left for GEC-El where he later became managing director of the London Electric Wire Group.

At Ford, he was spotted by John Barber and was one of several ex-Ford men recruited to Leyland when Barber became chief financial director and then deputy chairman and managing director.

Mr. Whittaker then went on

Natural choice

But, then in his mid-40s, he was recognised as one of Leyland's brightest younger managers and seemed a natural choice as managing director of the car division when the Ryder Report recommended such an organisation and that it should be headed by people from inside the group and not outside.

But he was never ruffled by the sheer size of the company's problems, and he did not let Leyland Cars together as a entity within the difficult parameters of the Ryder plan—a considerable achievement. He also made a good start on rationalisation of the models and components.

He was then surrounded by the top of Leyland Cars—people who were also promote very quickly and almost from the start his abrasive style seemed to create problems.

Labour relations were high on his list of priorities and he made a series of threats about cancelled investment programmes, plant shutdowns and sometimes unlikely to be carried out and so lacked the conviction to induce fundamental change.

He now joins the growing list of men who, having made their names as managers and experts in subjects such as finance and production, have fallen victim of the Leyland blight. They include Mr. George Turnbull (now building cars in Iran), Mr. John Barber (now running a medium sized engineering company), Mr. Geoffrey Robinson (now a Leyland MP), and, of course, Lord Stokes—and most recently, Mr. Alex Park, Sir Richard Dobson.

Fund-raising campaign planned by skateboard enthusiasts

BY ARNOLD KRANSORFF

A GROUP of "public spirited citizens" is trying to solve the problem of insufficient facilities for an estimated 2m. British skateboarders. They are forming a society, registered under the Charities Act, to raise funds for local authorities to provide specially-built parks.

The finance will come from public donations and other fund-raising activities, such as lotteries and raffles, in areas which lack facilities. The money will then be given to local authorities to set up skateboard parks and the facilities will be provided free to riders who, until now, have been able to use only public access ways and a few commercial parks.

The prime mover of the project is Londoner Mr. Ronald Ross-Stanton, a parent and skateboard enthusiast, who said yesterday that if the problem was left entirely to private development, "they would price the kids back on to the street."

About one in every four boys aged between nine and 16 now owns a skateboard, Mr. Stanton said. He has been able to afford a minimum 50p entrance fee to commercial parks, plus other costs such as rental for safety gear and transport costs, for every session.

He said many local authorities claimed they could not afford to provide facilities. He estimated that "to build anything decent" would cost at least £25,000; this would include: slalom run, kick turns, half pipes and practise areas.

He hoped all registration for-

malties would be completed by the middle of next month.

Pressure is mounting on local authorities to speed up applications from various sources for planning permission to build skateboard parks.

Parents and skateboarders have been signing petitions and Mr. Greville Jenner, the Labour MP for West Leicester, is to table a motion in the Commons next week demanding extra Government powers to make local authorities provide proper facilities.

This is seen as the only way to solve the problem, but until now the bureaucracy of local Government has held back many projects. Six months ago the British Safety Council, which supports the new sport, urged all 800 local authorities in Britain to provide facilities on unused land or car parks.

Commercial

So far there has been little response—only about 30 authorities have acted. Luton and Bedford have given permission for winter use of swimming pools, and various sites have been made available in London, such as, under an elevated section of the M4 in Hammer-smith and under Queen Elizabeth Hall and Queen's Walk.

Commercial parks in London are at Southwark (Skate City) and Putney (Wheeler Skate Space), both of which charge 75p per session and 50p for safety gear hire. Permission is still

awaited for parks in Enfield, Bromley and Oxford.

There appears to be no shortage of finance for commercial skateboard parks. At least 15 companies have been registered in the past six months to advise and finance such parks, a few of which have first investigated the U.S. phenomenon.

One company, Arrow Skate Parks, is a consortium of Wellers, a security and transport firm, Avon—a consortium of businessmen in the Midlands—is advertising in the financial press that it has upwards of £1m. available. It is currently investigating more than 20 sites throughout the country for interested parties, it said.

Another company, Skateopia, a joint venture between Morris Vulcan (the principal manufacturer of skateboards in the U.K.) and Wetherhill (owner of the Cooper Skateboard group), reports it is conducting publicity studies of about 18 sites.

Planning permission has been received for projects in Wolverhampton and at Knebworth Hall. Other companies in the field are Skate City, jointly owned by Skate City and Boris Civil Engineering, Skateboard Parks, a division of Sta-Fit, Bushey Hill Park Estates, and Skateways, formed by National Car Parks and Tate and Lyle.

Skateways is hoping to open a park adjacent to a rugby club in West London and another in Birmingham, while other sites are being planned for Leeds and the West Country.

Further talks on Tri-Ang troubles

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE REPORT of the receiver four owners in as many years into the affairs of Tri-Ang Pedigree, the Merthyr Tydfil toy manufacturer, was handed yesterday to Mr. John Morris, Welsh Secretary. He has decided to take no action on the report until he meets a delegation of union representatives and other organisations in London on Tuesday.

Graham Saunders, area secretary of the Association of Professional Executive, Clerical and Computer Staff, said that the report had a strong case to put to Mr. Morris. "Our objective is to keep Tri-Ang going in Merthyr."

Mr. R. P. Rees, the receiver, a partner in the Cardiff office of Deloitte, was called in on December 15 by the Government, which owns a third of the capital. This step was taken after Airfix Industries, which owns the other two-thirds, had decided not to take up an option on further shares in the concern unless the Government put up more financial assistance.

Tri-Ang employs 491 people producing toys and prams. It has been hit by the high cost of its products and the difficult time that the toy industry has been facing recently. At one time, in the early 1970s, it had

Christmas TV ratings battle won by BBC

By Arthur Sandles

VICTORY in the Christmas television ratings battle once again seems to have gone to the BBC.

Latest figures from researchers who produce statistics for ITV indicate that on Christmas Eve and Christmas Day the combined share of the audience for BBC-1 was 51 per cent. and for BBC-2 8 per cent. ITV's share was 41 per cent.

On Christmas Eve, ITV had 48 per cent. of the audience, BBC-1 45 per cent. and BBC-2 9 per cent. On Christmas Day, however, ITV's share fell to 38 per cent., while BBC-1 had 56 per cent. and BBC-2 6 per cent.

The figures are prepared by Audits of Great Britain for the Joint Industrial Committee for Television Advertising Research.

TOTAL AUDIENCE 23.3m.

Christmas Eve Top Five viewers (m.)

1. BBC-1 (5.1)
2. BBC-2 (1.1)
3. ITV (4.1)
4. BBC-1 (1.1)
5. BBC-2 (1.1)

Christmas Day Top Five viewers (m.)

1. BBC-1 (5.1)
2. BBC-2 (1.1)
3. ITV (4.1)
4. BBC-1 (1.1)
5. BBC-2 (1.1)

Other TV ratings Page 5

OVERSEAS NEWS

CARTER'S VISIT TO EUROPE

Mitterrand warned against alliance with Communists

BY ROBERT MAUTHNER

PARIS, Jan. 6

PRESIDENT JIMMY CARTER ended his official visit to France today with what was widely considered here to be another gaffe. He warned the French Socialist leader, M. Francois Mitterrand, against an alliance with the Communist Party.

White House officials said the U.S. President expressed his concern about a Socialist-Communist alliance during a 25-minute meeting with M. Mitterrand, before leaving for Brussels, the last stage of his current world tour. Mr. Carter also expressed similar sentiments in a separate meeting with M. Robert Fabre, the leader of the Left-wing Radical Party, the smallest member of the Union of the Left, whose unity was shattered when talks on updating its common programme broke down last September.

Mr. Carter's remarks are certain to upset not only the Communist and Socialist parties, but probably French public opinion as a whole.

The French, whatever their political views, have always been particularly sensitive about any interference in their internal affairs by foreign states-

U.S. imports of cars at record in 1977

BY STEWART FLEMING

NEW YORK, Jan. 6

BOUYED up by record purchases of imported models, new car sales in the United States rose 11 per cent to 11.2m. units in 1977, just short of the record 11.4m. recorded in 1976 before the Arab oil embargo.

But the latest statistics released by the motor industry contain some worrying trends for Detroit's big three producers, General Motors, Ford and Chrysler.

Sales of domestically-built cars in December have shown further signs of slackening, in the wake of the weakness which emerged in mid-November but in sharp contrast sales of imported models scored new gains.

Some importers reported record sales in December. In the case of both price increases, stemming in part from the decline in the dollar, and Detroit's

Vance returns crown to Hungary

By Paul Lendvai

AT A TELEvised public ceremony held today in the main hall of Budapest Parliament, U.S. Secretary of State Cyrus Vance officially returned the crown of the first Hungarian king St. Stephen, and other coronation regalia to Hungary.

Both he and the President of the Hungarian Parliament, Communist Politburo member Mr. Antal Apró, stressed that the return of the traditional symbols of Hungarian nationhood and Statehood reflected improved U.S.-Hungarian relations. They also referred to the spirit of the Helsinki final act on European co-operation.

The ceremony was attended not only by Premier Gyorgy Lazar and other Cabinet members but also by Cardinal László Lukács, the Roman Catholic primate of Hungary, leaders of the Protestant denominations, the Jewish community,

Callaghan seeking defence orders at Desai meeting

BY RICHARD EVANS, LOBBY EDITOR

DELHI, Jan. 6

THE SIX-DAY visit of Mr. James Callaghan, the British Prime Minister, to India began yesterday with a ceremonial drive through Delhi, is regarded by both the U.K. and India as of major importance because of the closer long-term economic and political links it could produce.

There is unlikely to be any announcement of major new initiatives or contracts at the conclusion of Mr. Callaghan's talks with Mr. Moraji Desai, the Indian Premier, but the signs are that the visit should achieve the modest targets set.

In a speech on his arrival at Delhi airport, Mr. Callaghan complimented his hosts on the remarkable progress made since independence in becoming the world's tenth industrial nation. He admitted that the country's potential had been released by British withdrawal, and looked to India to maintain and develop its position as a leader of the non-committed Third World.

Report foresees problems for NATO in conventional war

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 6

NEITHER THE U.S. nor the Soviet Union can expect to win a nuclear war but the U.S. and its NATO allies could face problems in a conventional conflict in both Europe and the Far East, according to an important U.S. Government study.

This inter-agency report, details of which were published in the New York Times this morning, is believed to form an integral part of U.S. strategic and tactical planning under the Carter administration.

The current U.S. policy of improving the quality of NATO forces in Europe may well reflect the report's conclusions since it was completed last summer. The report also puts some flesh on the partially released bones of the controversial Presidential Review

Memorandum Ten, which appeared to imply according to newspaper leaks at the time, that in the event of a conventional attack by Soviet forces in Europe, the U.S. should be prepared to cede as much as one-third of West Germany before making a stand.

The report specifically refutes this, according to the New York Times. Quoting directly it says that a central premise is that: "the United States will continue to view the security of Europe as a vital interest and will continue to participate actively in the defence of NATO."

Although it concedes that the Soviet Union and its allies enjoy a two-to-one numerical superiority in the European area, the report concludes that "this advantage as a starting condition is considered too

small in itself for the attacker to have any expectation of quick or substantial victory."

Nevertheless, and stressing the underlying concern, the report goes on to say that: "there is a distinct tactical advantage accruing to the Warsaw Pact due to their ability to mass combat power on major attack routes of their choosing while employing economy for force elsewhere."

The report says: "the chance of NATO stopping an attack with minimal loss of territory and then achieving its full objective of recovering that land which had been lost appears remote at the present time."

The report paints a relatively pessimistic picture of the condition of Western defences in Europe, noting critical deficiencies in ammunition and spare parts. While the U.S.

five-year defence plan calls for provision of war stocks for a 90-day conflict, the study observes that: "other NATO countries have only about 30 days worth of stocks and do not currently plan to buy more."

Indeed, the report feels that substantial improvements in Western conventional forces in Europe may not be easily achieved, in spite of the unilateral U.S. efforts.

Noting the reluctance of European countries to spend significant additional amounts on defence, it said, in addition, that any attempt by the U.S. to persuade its allies to rely less on nuclear capability and to strengthen instead conventional forces might have the effect of provoking a basic debate over strategy that could even prove counterproductive.

It says: "It would be divisive and might guarantee that the United States would not be able to persuade the allies to make further force improvements."

On nuclear confrontation with the Soviet Union, however, the report finds that the present balance is such that in the event of a nuclear war, "neither side could conceivably be described as a winner."

It estimates that an all-out nuclear war would produce 140m. American fatalities and 112m. Russians dead, and with almost three quarters of both economies totally destroyed.

It also expresses the view that the U.S. continues to enjoy significant superiority in key missile sectors and appears to provide justification for President Carter's decision to cancel the B-1 bomber project.

Rhodesia settlement discussions postponed

By Bridget Bloom, Africa Correspondent

SALISBURY, Jan. 6. IN A SURPRISE move here today, the leaders of the four delegations currently engaged in so-called internal settlement talks decided to postpone their twelfth formal session, which was due to be held this afternoon.

Instead, they met privately this morning and have agreed to meet on a so far unspecified date early next week.

Although no official details of this morning's meeting have been released, it is understood to have

covered the possibility of compromise over the remaining major disputed issue of principle in the current talks—that of white representation in an independent Zimbabwean parliament.

Six of the 11 sessions held so far have been concerned with this issue. Mr. Smith, the Rhodesian Prime Minister, insists that whites should elect 33 MPs—a third of the total—which would have the power to block legislation. The black delegations led by Bishop Muzorewa and the Rev. Sithole maintain that they cannot agree to more than a "blocking" fifth to the whites.

S.A. oil threat by Nigeria

By Our Own Correspondent

UNITED NATIONS, Jan. 6. A FORMAL DEMAND that the Security Council impose a mandatory embargo on oil sales to South Africa, as an extension of the boycott against Rhodesia, which gets its petrol from the Republic, will be submitted later this month by Nigeria.

Disclosing this today, Mr. Leleke Hartman, the Nigerian chief delegate, who is also the Council President, said the South African government was enabling "the illegal regime" in Salisbury to survive by supplying its oil.

The 15-nation council is expected to meet shortly. Brigadier Joseph Garba, the Nigerian Commissioner for External Affairs, plans to arrive in New York on January 20 and will take charge of some of the council meetings and private negotiations.

The oil embargo proposal, endorsed by the Assembly last month, is expected to be followed by a call for the cessation of further foreign investment in South Africa. It was not known today whether the Western members of the council would vote for an oil boycott.

Israel to prepare land for settlement in north Sinai

BY DAVID LENNON

TEL AVIV, Jan. 6

THE ISRAELI GOVERNMENT confirmed today that it has ordered the levelling of a stretch of land in northern Sinai for farming by the settlers in the Rafah salient south of the Gaza Strip. This is in line with Israel's intention of leaving Jewish settlements in the area even if it is returned to Egyptian sovereignty under a peace agreement.

The area where the settlements are located will be under UN supervision, and the UN flag will fly there, according to Mr. Simcha Ehrlich, the Minister of Finance. He added that the Jewish settlers would be protected by an Israeli military force.

It was also revealed today that under Israel's peace proposals the three Jewish settlements along the east coast of the Sinai peninsula will remain in Israeli position. Israel also wants to keep two of its military airbases which will fall within the UN zone operating as civilian airports.

Meanwhile a government spokesman said that Mr. Menachem Begin the Prime Minister was himself thinking of settling in the northern Sinai area when he retires. He and his wife have joined the Neot Sinai agricultural settlement near Aqir.

Defence Ministry officials told the Financial Times today that the joint Egyptian-Israeli military committee will start its deliberations in Cairo on January 16 as scheduled. They said it was highly unlikely the meeting

would be brought forward to early next week, as had been reported in the Egyptian Press.

The Israeli military test has been selected, and is expected to be approved by the Cabinet on Sunday. It will be headed by the Defence Minister, Mr. Ezer Weizman, and will include the Chief of Staff General Mordechai Gur as well as the Chief of Military Intelligence and the O/C Southern Command.

The U.S. ambassador has asked Israel to explain its intentions about expanding Jewish settlement in the occupied territories. This follows a spate of unfounded reports about new settlements being planned in secret.

The Ministry of Housing announced yesterday that it had started registering people who wish to buy flats in a new Jewish urban centre being developed at Maale Efraim on the West Bank beyond its own possibilities. In addition, it inflicts more damage on the Palestinian cause itself, said the president. "It would be oppressive to save the Palestinian issue by creating a new problem for Lebanon and the Lebanese people," he said.

President Sarkis has been fighting a losing battle at home against galloping inflation and a virtual absence of major foreign investment since the war. President Sarkis was careful to stress that his rejection of a Palestinian presence was coupled by strong Lebanese support for "the legitimate rights of the Palestinians on their own land."

There was seen as an attempt to divorce his call from earlier demands for the expulsion of all Palestinians from Lebanon made by Christian Rightist factions that battled a Palestinian-Lebanese Leftist alliance in civil war.

Japan 'will settle dispute with U.S.'

The U.S. and Japan are drafting a joint statement that will announce the settlement of their trade dispute next week. Mr. Nobuhiko Ushiba, Minister for External Economic Affairs, said in Tokyo yesterday. AP-J reports that Mr. Ushiba said that the wording of the statement would be completed in talks with U.S. deputy trade negotiator Alan Wolff, who is to arrive in Tokyo on Sunday ahead of the planned visit on January 11-12 of U.S. special trade negotiator Robert Strauss.

Lockheed cleared

Lockheed, the U.S. defence contractor accused of bribery in several countries, was officially cleared today of the vague charge that he had some dealings with the West German Defence Ministry in the early 1960s, Adrian Dick writes from Bonn.

Herbert Franz-Josef Strauss, who held the defence portfolio when the controversial Starfighter contracts were signed, must also now hope to see an end to the steady flow of rumours that he and his Bavarian-based Christian Social Union were in some way the recipients of funds from Lockheed. An interim report issued last year said that no evidence had been found that anyone in West Germany had been directly or indirectly bribed.

Italy exchange record

Italy's available foreign exchange reserves at end-November stood at a record 7.5 billion (\$2.2bn.) according to official Bank of Italy returns published here today. The figure is an increase of more than £500m. over the previous month's level, Dominick J. Coyle reports from Rome.

Mulley in weapons sales talks

BY MICHAEL TINGAY

CAIRO, Jan. 6

MR. FRED MULLEY, Britain's Secretary of Defence today wound up a four-day visit to Egypt which included a meeting with President Sadat in Aswan and the signing in Cairo of a memorandum of understanding with the Arab Organisation for Industrialisation (AOI). The AOI was established in 1975 with a capital of \$104m contributed by Saudi Arabia, Egypt, Qatar and the United Arab Emirates.

This is the first visit by a British Defence Minister to Egypt and is being interpreted here as a public sign by Her Majesty's Government that British defence sales policy to the Middle East has changed following President Sadat's peace mission to Israel in November and the subsequent negotiations.

While the discussions and agreement with the AOI provided the immediate reason for Mr. Mulley's visit to Egypt, the decision more than a decade ago

to restrict the sort of military hardware sold to states involved in the Arab-Israeli conflict was already involved closely with the AOI. Westland Aircraft Ltd. and Rolls Royce, BAC signed an agreement to produce Swingfire anti-tank missiles jointly with AOI. Westland and Rolls Royce are finalising arrangements under which two joint ventures will be set up with AOI to make the Lynx helicopter which uses the Rolls Royce GEM engine.

The companies involved, having observed numerous visits by British politicians, promoting rival defence products, are delighted at the trip, regarding it as strong public backing by HM Government for their efforts in Egypt.

While the discussions and agreement with the AOI provided the immediate reason for Mr. Mulley's visit to Egypt, the decision more than a decade ago

as important. BAC already supplies Swingfire missiles to the Egyptian armed forces, and these were used against Israel during the 1973 war. But now that President Sadat has publicly committed himself in Jerusalem to "no more war" with Israel, British defence industries should feel able to sell offensive as well as defensive weapons. This aspect of the visit has been covered by Mr. Mulley in his talks with General Mohamed El Gamassi, Egypt's Minister of War.

The Shah of Iran will make a one-day visit to Egypt on Monday for talks with President Anwar Sadat on the Middle East situation, the Egyptian Middle East News Agency (MEENA) said today, reports Reuters.

Sources insisted that King Hussein of Jordan would be coming to Aswan on Tuesday for talks with Mr. Sadat. Jordanian officials in Amman have denied this.

Baltic fishing zones

The Danish Government is expected to establish a national fisheries zone in the Baltic in the near future, writes Hilary Barnes from Copenhagen.

Minister Svend Jakobsen said yesterday that the Government is discussing the issue but that it still has some technical problems to solve. The Government said last year that if other countries established Baltic zones Denmark would follow suit. The three nations most important to Denmark in this respect—Sweden, Poland and P.R.G.—have already established zones.

Polish debate call

A letter signed by 14 Communist Party members, including Mr. Edward Tebich, party First Secretary for time in 1936 and later leader of State, declares that the source of Poland's present difficulties lies in the non-democratic way in which the country is governed. Christopher Bohinski from Warsaw

THE ESCALATING WAR IN SOUTH-EAST ASIA

A vital stage in Vietnam's battle with Cambodia

BY A SPECIAL CORRESPONDENT IN BANGKOK

VIETNAM'S MILITARY thrust into Cambodia, characterised by Hanoi as defensive action, and by Phnom Penh as outright invasion, has reached a crucial stage where they have the choice between pressing on to the Cambodian capital or trying for an amicable solution to the conflict.

According to Western and Thai intelligence sources Vietnamese forces have reached the strategic river crossing town of Neak-Luang, which straddles the Mekong just 36 miles to the south-east of Phnom Penh. It lies at the extremity of the so-called Parrot's beak, the

toe of Cambodian territory jutting into Vietnam's Mekong Delta. If the sources are correct, it reverses the position of two months ago when Cambodian forces were crossing the border to invade Vietnam's Ho Chi Minh City (formerly Saigon).

Cambodian claims that they have turned back or surrounded Vietnamese troops notwithstanding Vietnamese successes on the battlefield were only to be expected. It is believed they committed six divisions along the 90 mile stretch of border from the Parrot's Beak to the Gulf of Siam in the south.

Cambodian forces have numbered less than half this, and according to the Thais they have been forced to draw reinforcements from their western border to meet heavy casualties.

Vietnam has drawn upon its cornucopia of captured American weapons and Soviet supplied hardware, while the Cambodians have, for the most part, been relying on inferior Chinese and North Korean weaponry. While they have been reluctant to risk their heavy armour, they have thrown in U.S. Panthers and Sky Raiders.

The question now is not so much who can win, but what the Vietnamese plan to do, and what factors will affect their decision.

It is clear from the repeated calls for talks that they have gone as far into Cambodia as they wish. While many observers are prepared to believe that their action has been a response to sustained Cambodian provocations, the capture of Phnom Penh would be a different matter altogether.

The background to the present fighting, as given by Hanoi, is quite clear, and independent sources endorse the bulk of what they say.

For two years, Cambodian forces along the border probed Vietnamese defences, raided and shelled villages, and attempted to nibble eastwards. Sources believe, with some justification, that during their role as officials to the French colonisers, and while enjoying sanctuary inside Cambodia during the second Indo-China war, Vietnamese engaged in *de facto* redrawing of the border.

But the full scale assault, which the Vietnamese say was launched against their southern border during late September, saw an end to Vietnamese patience. "Cambodia was still drunk with its victory of April 1975," said a Western diplomat. "Vietnam is waking them up to the danger."

It might be as simple as that, although former Indo-China hands tend to support Cambodian

alliances that Hanoi aims to dominate an "Indo-China federation." But while Vietnam might wish to install in Phnom Penh a government which, like that in Vietnamese, would be a puppet towards a special relationship, it is thought unlikely that Vietnamese would go that far.

On one level, the rich rice lands, offshore fishery reserves and (perhaps) oil, might be attractive to a Vietnam battling to reconstruct a shattered economy, vast unemployment, and a 1m. tons shortfall in the rice harvest.

On the other, it is difficult to see how they could expect to rule a country where even the brutally downtrodden population has less affection for the Vietnamese than the Khmer Rouge.

Of more import, it would do nothing to further Hanoi's efforts to build an image of respectability and responsibility in the eyes of the id-rich financial institutions and Western countries.

The diplomatic offensives launched by the two sides have been as fierce as the military offensive, with each unpreserved anxious to win the support and approval of the international community, both Communist and non-Communist.

But the gravest questions are posed of the Communist countries, especially China. Friends to the much-maligned Khmer

Rouge regime through thick and thin, the Chinese have already given millions of dollars in aid, and the late Premier Chou En Lai himself pledged to maintain their territorial integrity.

Few observers in Bangkok credit reports of Chinese or Soviet advisers in the battlefield, or suggestions that it is a proxy war on behalf of Peking and Moscow.

The Soviet Union has lost no time in taking advantage of what many consider the gross embarrassment visited on China by her wayward protégés. Moscow Radio has accused them of orchestrating Cambodian aggression and reiterated Vietnamese calls for talks.

At the same time, the vehemence of Peking's support for the Cambodian position has eased since the end of December. They too have published Vietnamese proposals, realising perhaps, a stern lesson has been administered, and that to keep in step with Cambodian allegations and denunciations would threaten their already chilly relations with Hanoi.

How the two sides can be disengaged or how suspicions can be allayed is still unclear if Peking has anything to do with it they will be working to clarify the questions as quickly as possible.



HOW THE TWO SIDES LINE UP*

CAMBODIA	VIETNAM
Population 8,570,000	Population 46,855,000
Total armed forces 90,000	Total armed forces 615,000
Army Apparently same strength as 1975, viz. 4 divisions 3 independent regiments 200 Armoured personnel carriers 320 guns/howitzers mortars recoilless rifles anti-aircraft guns	Army 25 infantry divisions 2 training divisions 1 artillery command (of 10 regiments) 1 engineering command approx. 15 independent infantry regiments 20 SAM regiments each with 18 SA-2 launchers 50 anti-aircraft artillery regiments 15 independent engineering regiments 900 tanks, armoured personnel carriers, self propelled guns, anti-aircraft guns, SA-2, SA-3, SA-6, SA-7 missiles
Navy Some 150 small patrol, river and 6 landing craft	Navy 3 coastal escorts 3 guided-missile fast patrol boats 22 motor gunboats 4 motor torpedo boats (purchased) 30 small patrol boats 20 landing craft 10 search and rescue helicopters
Air Force Thought to include 10 fighters 9 C-47 and C-123 transports 15 T-51, 20 T-28 trainers 25 helicopter gunships	Air Force 310 combat aircraft 1 light bomber squadron 8 fighter ground attack squadrons 6 interceptor squadrons transport aircraft trainer aircraft

* Figures do not include former forces of South Vietnam, which are estimated to have included up to 550 tanks, 1,200 armoured personnel carriers, 1,320 guns/howitzers, 76 naval craft including 42 patrol gunboats, 800 riverine craft, 1,000 aircraft of all types.
* Infantry divisions normally total 8-10,000 men, and include a tank battalion, infantry and artillery regiments.

* Source: The Military Balance 1977-1978 (ISS, London)

Respite for the dollar

THE WEAKNESS of the U.S. dollar became suddenly more marked at the end of the old year. The foreign exchange markets took a gloomy view of President Carter's decision not to renew the contract of Dr. Arthur Burns when it runs out this month and to replace him with a businessman of the Federal Reserve with a businessman of limited banking experience. It was assumed, whether fairly or not, that this would mean a lower priority being given to the maintenance of the exchange rate. The new year opened with the dollar moving down sharply further against the main industrial currencies, and the rate against the pound was all but back to 82 when the U.S. monetary authorities announced and introduced a complete reversal of policy on Wednesday afternoon.

Bear squeeze

At the beginning of December there was a concerted attempt to talk the dollar up, which failed when the talk was unaccompanied by action. Then, just before Christmas, President Carter announced a couple of minor measures intended to help the dollar, which had little effect because they were stated to represent no real change of policy. This week, however, the Administration has decided to make active use of its own foreign exchange resources and the network of swaps with foreign central banks "to check speculation and restore order in foreign exchange markets." The move was well timed, a number of bears were clearly squeezed, and the dollar exchange rate recovered sharply.

That the U.S. has now acknowledged a joint responsibility for the behaviour of the markets is a welcome development, but it is too early to say whether and where the dollar rate will settle. The fundamental problem is the large U.S. payments deficit, which is not expected to fall much this year and which is largely due to very heavy imports of oil. This is due to the

reluctance of Congress to accept the President's proposals for saving energy, which in turn throws some doubt on his other proposals for cutting taxation. It is in the general interest that the U.S. should seek to maintain its present rate of economic growth, but the weakness of the dollar has made it more difficult for other countries to reflate. Unless Congress is willing to act soon on oil imports, the choice may lie between continuing weakness, a lower rate of U.S. growth, and a hardening of the existing trend towards protectionism.

Interest rates

The U.K. authorities must themselves be relieved at the breathing space they have obtained. The pound was allowed to appreciate fairly freely to discourage a renewed inflow of funds that would have jeopardised control of the money supply, but too great an appreciation would have harmed the competitiveness of exports and produced strong pressure for a change of course. In fact, the readiness of the Government to let the rate rise will probably work together with the prospect of a handsome payments surplus (due to North Sea oil) to keep the pound fairly strong in any case. The fact that the U.S. is now operating in the exchange markets does not mean that alternative means of preventing the pound from rising too far will no longer be considered.

Stimulation of demand in the coming Budget is likely, but the scope for it is limited—industry has revised its investment plans for 1978 downwards—if it is to produce more than a consumption boom. Further relaxation of outward exchange controls would be sensible if trade union objections can be overcome. The imposition of inward exchange controls is a possibility, but they would probably be no more effective in the long run than in other countries which have experimented with them. Interest rates can be lowered to some extent, but too sharp a fall would threaten monetary control. In the event, the Bank of England saw to it that minimum lending rate fell by only 1 per cent. yesterday. At the beginning of the week, when the pound was racing ahead and the short rate was exhausted, a sharper fall seemed possible.

That cut, however, has already led to fresh reductions in the base and deposit rates of the clearing banks. It now seems virtually certain that a cut in recommended building society rates will be announced next week.

AT THE height of the last house price boom in 1972—when in that 12-month period alone prices increased by an average of 47 per cent.—the phenomenon was witnessed by most of the population with the same kind of care that some would have given to the final stages of a horse race. Nobody was going to get hurt, the spectacle was fun and there was a kind of macabre fascination about who would win. There was a great outcry only at the end of the race when it was realised that nobody had won.

This time round—and there are plenty predicting that the same sort of thing is about to happen in the coming year—the prospect is viewed with alarm and despondency. It is a reflection in the change, not always salutary, that has occurred to the national well-being and expectations since the traumas of 1973. During the price boom almost everyone, particularly if they owned a house, agreed that the rise was a good thing and there was little thought that anything could happen to rock the boat. The market crashed in 1973 simply through over-enthusiasm, which was the natural course of events. The following oil crisis and depression which affected all walks of life and virtually all attitudes of businesses left a deep scar and nowhere was this more markedly shown than in the property market.

A healthy turnover

In the last part of 1977 it looked as though some kind of normality was finally returning to the house market. Prices had at last begun to rise—although still not keeping pace with the rate of inflation—and there was a healthy turnover in the market which had been absent since the loss of confidence in the previous four years. To talk about a rise in prices, however, still means a very slow increase in house prices in historical terms. The overheating of the market in the early 1970s combined with the decline in living standards of the following years still means that prices are rising at a moderate rate only.

Strangely enough the same ingredients for a boost to prices are here again but it is most unlikely that the rise will be of the same proportion as in the last boom. The building societies have more funds at their disposal than they ever had—far more than they had in 1972—real incomes are again beginning to rise, the mortgage interest rate is now back down to 9½ per cent. (with every

prospect of being reduced by as much as 1 per cent. by next weekend) and the ratio of house prices to incomes is almost at the same level as it was in 1972.

Money is flooding into building societies at unprecedented rates. In the last few months of the year the monthly net intake was over £500m, a month and even December, traditionally a lean month for the movement, is expected to show net receipts of around £400m. In massive inflow, caused by an investment rate staggeringly out of line with other deposit rates, coupled with repayment of capital from existing borrowers has enabled the societies to fund home loans at the rate, by the end of the year, of almost £800m a month.

During 1977 no fewer than 750,000 loans were made to borrowers by the building societies representing a cash commitment of nearly £7bn. This is the highest level ever reached but the coming year will no doubt set new records. Estimates given recently suggest that lending could be as high as £8.5bn.

This in itself could be seen as a classic recipe for disaster. And the Government is known to be concerned about this particular aspect of the situation fearing that such massive lending could fuel another housing price spiral. But it is neither the beginning or the end of the story. The availability of build-

ing society funds in itself will neither hinder nor help a rise in prices. It can only accelerate the inevitable rise or fall. But there is little prospect of prices rising a great deal beyond the 1977 level.

Although prices rose in 1977 at a higher rate than they have for the last four years there is little justification for thinking that the increase will accelerate into a boom spiral. Both the Nationwide Building Society index of prices and the Anglia Building Society suggest that in the last year prices rose by an average of about 8 per cent. There is strong evidence to suggest that most of the increase came in the second half of the year.

This naturally reflects the increased confidence in the economy as a whole and particularly the lowering of interest rates. Minimum lending rate at the 15 per cent. at the beginning of 1977 ended the year at 7 per cent. and yesterday fell to 6½ per cent. This puts further pressure on the building societies to reduce their rate to borrowers and lenders and it is probable that this will happen.

The Council of the Building Societies Association (BSA) when it meets next Friday will announce a reduction of 1 per cent. in the mortgage rate which began 1977 at 15½ per cent. and finished at 9½ per cent. The sharp reduction in rates coupled with a sagging of house price restraints should have

given the boom merchants ample evidence for their predictions of a strong upturn in prices. But apart from the latest Government suggestions of a fourth phase to the pay policy, they ignore the fact that the erosion in living standards of the last three years will have to be reversed dramatically before prices can rise at anything more than a moderate rate. If in the coming months and a couple of years ahead we manage to earn and keep a lot more than we have in the last four years then prices will rise to meet the demand—a demand fuelled by increased real income.

Mr. Wilkinson has a good point but, while not wishing to diminish the status of the building society movement, they are not the be all and end all of the housing market. It is people's ability to pay for what they want which is the ultimate deciding factor. General price inflation at a time when incomes are held down pre-empts funds which

factoring would make the whole project even less worthwhile and prevent it starting in the first place. The disinvestment of the 68 per cent. band affects the small company approaching it much more than the big company which is beyond it. The effect on companies of having different tax bands is not the same. The company which made £1m. profit viewed a prospective £250,000 growth at 52 per cent. corporation tax entirely differently, and from a higher amount of retained earnings base, than the £40,000 profit company facing that same growth but at 68 per cent. corporation tax and from a smaller retained earnings base.

This is what the correspondence has been about and Mr. Cole shows he has appreciated the point by writing that "what Mr. Brooks is trying to say is that the corporation tax rate of 42 per cent. should become 52 per cent. at a given point, without the relief on profits below that point being clawed back"—which clawback creates a 68 per cent. band. That is exactly what I am saying and am glad Mr. Cole agrees on the fundamental point. The tax should be abolished.

David Brooks, *The Drive, Belmont, Surrey.*

Tribunals
From the Chairman, British Legal Association.

Sir—I feel that Commander Brian Raincock, managing director of Employers' Protection Services (January 4), goes too far in claiming that "unfair dismissal hearings at industrial tribunals have become an exercise in the employment of lawyers and management." I agree with him that in some cases irrelevant matters are introduced without regard to the rules of evidence; rules designed to bring about a fair trial. In my experience and from the collected experience of others, it appears that the way in which proceedings are conducted as between one tribunal and another varies far too much. While one tribunal chairman will apply the rules of evidence, for example, another will not, despite the clear words of the

judgment by Mr. Justice Kerr in July 1977 in the reported appeal in *Lawrence v. London Borough of Newham*.

It is, I suggest, the absurd degree in which some tribunals attempt to introduce informality coupled with the fact that the majority of each tribunal is made up of laymen, which combined to give the impression which Commander Raincock has received. An industrial tribunal has to decide often complicated matters of fact and law, a situation which does not lend itself to informality if justice is to be done to both parties.

Very recently I have been told by an official of the Employment Appeal Tribunal, the appellate court so far as industrial tribunals are concerned, that a copy of the notes of evidence taken by the industrial tribunal appealed from can only be made available to an appellant as "an indulgence." Have none of these officials read George Orwell's "1984"? Matters would be improved if legal aid was made available to applicants so that with the spread of Employers' Protection Services policies for employers, both parties would be legally represented in most cases with a corresponding improvement in standards of advocacy before tribunals and in the administration of justice.

S. P. Best, *29 Church Road, Royal Tunbridge Wells, Kent.*

Fast
From Mr. K. Cummings.

Sir—As a footnote to Nicholas Owen's article "Murder on the Buffet Express" (Dec. 22) it may be added that another vestige of the pre-war timetables will bite the dust with the introduction of the May 1978 services.

No longer will there be non-stop trains between Victoria and Brighton, every hour, on the hour, as there have been since electrification in 1932. Instead there will be a "fast" train at ten minutes past the hour calling at East Croydon. Changing travel patterns may warrant the alteration, but the remaining glamour of this famous line will be lost for ever.

K. T. Cummings, *Houghton-le-Spring, Co. Durham.*

Letters to the Editor

Mobility

From Mr. W. Whalley.
Sir—Ray Dutt (Jan. 3) reports on an impending tight oil supply position by the late 1980s. Every day numerous decisions are being made by individuals and governmental agencies at all levels, implicitly based on the opposite assumption, that the mobility of both goods and persons will continue as at present into the foreseeable future.

Surely it is time to grasp the nettle and to warn people that in ten years only, they will be facing a major reduction in mobility of all kinds, insofar as can be seen at present. A national plan to establish priorities and promote alternatives is called for. Dr. Kissinger stated that an oil embargo would be the equivalent of nuclear war. Surely a deepening natural stringency starting quite soon will have a similar effect.

Common observation shows that very large numbers of people travel long distances daily. Recent centralisation of local government has accentuated this tendency. The major food producers of the world, both West and East are highly mechanised, an oil shortage can only be reflected in higher prices for food. We in this country are particularly vulnerable in respect of food, as so much is imported. Let us not suppose that North Sea oil will insulate us from any stringency, for sure we shall be obliged to export the oil in order to buy food. W. C. R. Whalley, *105 High Street, Hungerford, Berks.*

Pensions

From Mr. J. Morris.
Sir—Hooray for Mr. Froggatt (December 24) who is to receive an occupational pension and the new state pension that accrues from April. If the combination of these two benefits produces an end result which is competitive with pensions offered to other people in his position then there is nothing remarkable in his letter.

In fact Mr. Froggatt says he does not expect this to be the case and that it is "probable"

that for "the majority of employees" a similar combination will produce benefits which are greater than those from a pension scheme contracted out of the State Scheme. This is surely not true. The reality is that most employees will receive an overall pension (whether contracted-out or not) which is competitive within their industry and within the area they work.

If there are any differences in pensions these will be because employees have chosen smaller rewards now in return for a greater benefit at retirement rather than because their employer has chosen to participate in the State Scheme instead of contracting-out.

J. E. T. Morris, *3a, The Avenue, Clifton, Bristol.*

Mergers

From Messrs. C. Adamson and C. Patten.

Sir—"Mergers—a riposte" (December 30) Gay and Geoff Meeks (G&GM) persist with their claim that their own and other studies provide evidence that efficiency gains are not a typical outcome of mergers, and in conjunction with doubts about the effect of mergers on competition, justify a change in merger policy.

A quote from one of the studies they refer to recognises our point. "Any attempt to investigate the effects of mergers on the performance of firms has to acknowledge the basic limitation that in the absence of mergers the record of the firms may have been quite different." A control group must be used which covers the same time period as that studied. Adjusting profitability figures by utilising industry group averages does not suffice because there could have been systematic changes, which, for example, favoured the largest companies (not synonymous with companies of greater than average size) over the smaller. Our new state pension that accrues from April, if the combination of these two benefits produces an end result which is competitive with pensions offered to other people in his position then there is nothing remarkable in his letter.

In fact Mr. Froggatt says he does not expect this to be the case and that it is "probable"

shows a significant decline in profitability for merged companies. It is thus not possible to claim that merger intensive companies (frenetic acquirers) are included in DM's analysis or that there may not be a bias towards selecting companies with "bad experience of one merger."

G&GM stress the merger rising trend of profitability of the merged companies. Three years, however, is a very short period for establishing a trend. More seriously, profits of the acquired companies fell prior to merger, and the pooled pre-merger profitability for merged companies only rises after an arbitrary adjustment to exclude outliers (DM p. 22). Companies may time takeovers to coincide with a period of rising profitability (and hence a high share price). And surely it is necessary to carefully adjust for changes in the book value of 68 tangible fixed assets after mergers before claiming evidence of a decline in profitability.

G&GM's views on competition are also surprising. Competition in manufacturing industry has probably not decreased over the years of merger activity, but has been greatly strengthened by the mushrooming of international competition.

Finally we accept that it would be ideal to permit only "good" mergers, but this seems naive. Fortunately managers and capitalists will have learned from the experience of past mergers and will apply this knowledge when sitting proposed mergers in the future.

Clive Adamson and Cliff Patten, *Trustly Hall, Cambridge.*

Fairness

From the Hon. Secretary, South West Herts. Post Office Advisory Committee.

Sir—Mr. P. H. Young, of Post Office Central Headquarters (January 3) accuses me of being less than fair and of departing from the facts. He also claims that the Post Office "never at any time" promised to build a sorting office on a site close to Watford Junction Station. Let me refute that claim first.

The redevelopment plans for Watford Junction published in March 1964, show the future site of the head post and sorting offices as continuing on the south

side of Clarendon Road, about 150 yards west of Watford Junction Station. On May 15, 1964, the (then) Watford Head Post Office was closed and the "Watford" sorting office will be transferred temporarily from the old Clarendon Road premises to the newly adapted one in North Watford. . . . the old Clarendon Road office . . . is to be rebuilt "which" may take four to five years." If that is not a promise, what is it?

I am accused also of having suggested that a sorting and administrative head office commands the same site priority as premises with counter services. Where and when have I made this suggestion? F. P. Thomson, *39, Church Road, Watford.*

Taxation

From Mr. D. Brooks.

Sir—Financing the increased amount of debtors caused by inflation has to be achieved from after-tax profits or new finance. It cannot be claimed as an expense against corporation tax and financed from the tax saved, as Mr. Cole asserts (December 31).

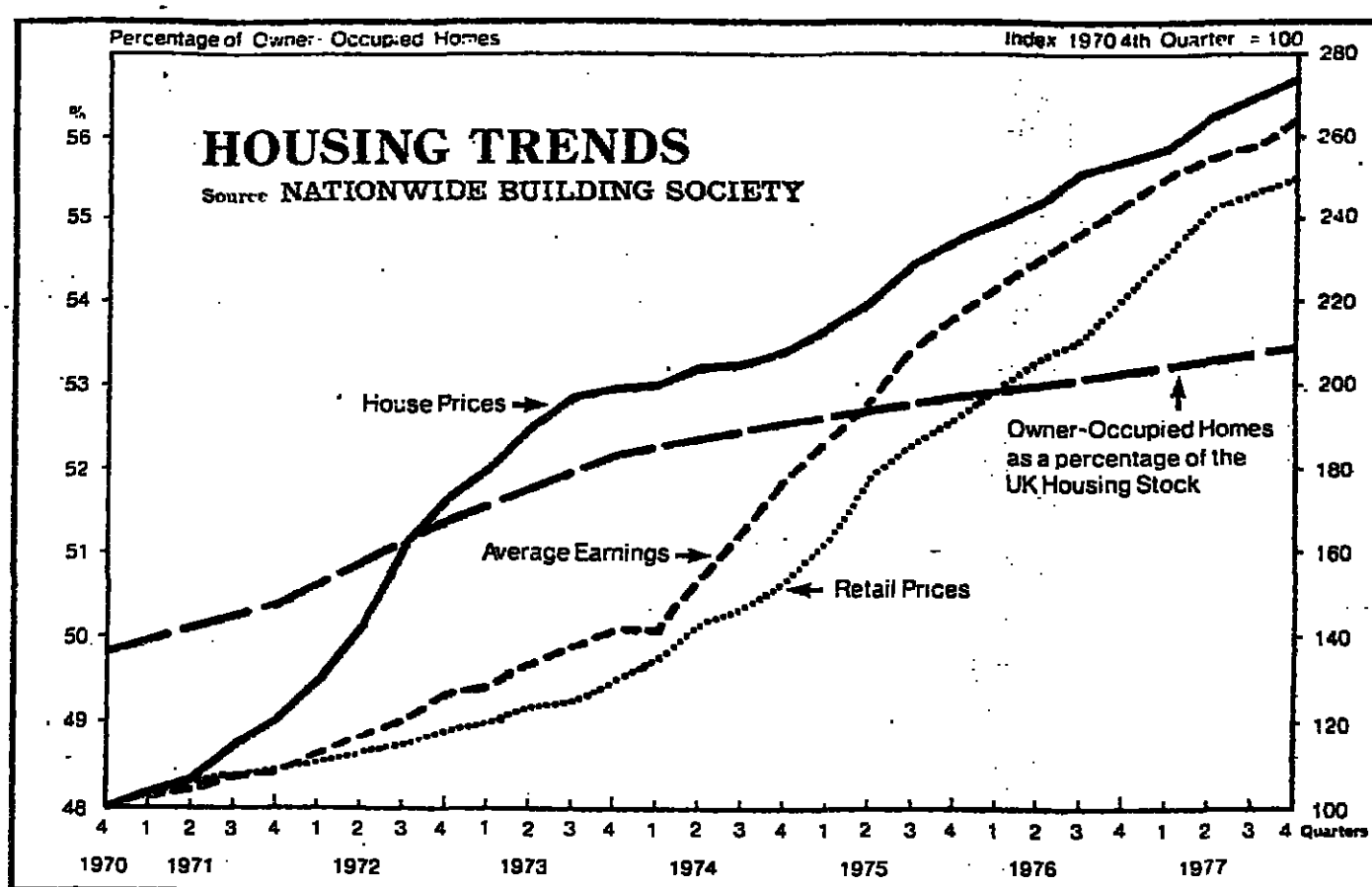
If he implies that extra turnover necessarily brings better profit percentages then that too is wrong, because the greatest efficiency of a business unit depends on an optimum size which varies from industry to industry. Ask some of the big businesses if their latest extra turnover brought a better profit percentage.

Capital expenditure on say the bricks and mortar of a new office building has to be financed from after tax profits or new finance: there is no relief for it from corporation tax. As to stocks, many businesses have none of any consequence, especially labour intensive industries. Indeed at the present time of high unemployment, a serious fault of this tax is that relief is given if labour saving equipment is introduced, but you are taxed to the maximum if you only employ more people.

Small companies are reluctant to allow such a serious matter as rendering accounts to the customers they know personally, to pass to an impersonal factoring company. The cost of

House prices pick up but a boom is unlikely

BY JOE RENNISON



Individually styled residences over £35,000. In each category, the price increase during the quarter has been greater than at any time since the "boom" years of the early 1970s but the figure are still regarded as "no unreasonable" bearing in mind the domestic property market's earlier failure to keep pace with the general rate of inflation. In the lowest price range, the first category, the average increase was 3.2 per cent. and in the £12,500 to £20,000 category, prices jumped rather more at 5 per cent. In the highest price ranges, the third and fourth categories, the increase, also showed signs of acceleration at 3.5 per cent. and 2.5 per cent. respectively.

Builders' costs

In the light of these figures an overwhelming "firmly" response to the question "Are house prices now increasing generally?" was hardly surprising. More than 90 per cent. of the agents questioned affirmed that prices were generally rising with forecasts on the rate varying from a cautious 2 to 3 per cent. up to 20 per cent. for the coming year.

The view of an agent in Scunthorpe is typical: "Taking account of the fact that during the past two years, although inflation has dramatically increased the prices of many other items, the property market has not been affected to any major degree. It is, however, becoming obvious from new prices received from builders for the early part of the New Year, that they are no longer able to absorb these increased costs."

But there is still insufficient evidence to suggest that prices will take off. The general opinion is that prices should move by no more than 2 or 3 per cent. more than they did in 1977.

The most disturbing feature for the future is the prospect for new house building. After reaching an all time low of new house starts of 137,000 in 1977 the prospect for the new year is for starts of 135,000. This is simply not enough to meet the demand. The problem is that builders cannot build at a sufficient profit: houses are unique commodities in that the price of a new product is fixed by reference to the second hand prices. Some improvement is necessary in the latter if the builders are to be encouraged, particularly as building land prices are rising steeply in some areas and this must affect the price of new homes in subsequent years.

Quarterly survey

The fact that record lending by building societies in the last year has not yet caused panic is evidenced by the latest quarterly survey of the state of the market by the Incorporated Society of Valuers and Auctioneers, published to-day.

As in previous surveys, the housing market was broken down into four different categories for analysis: • Terraced and semi-detached houses up to £12,500. • Semi-detached, detached and town houses/bungalows from £12,500 to £20,000. • Detached and town houses/bungalows from £20,000 to £35,000.

Some of the worst wounds...



are the ones that don't show

It used to be called shell-shock. Now we know more. We know that there are limitations to the human mind. Soldiers, sailors and airmen all risk mental breakdown from over-exposure to death and violence whilst in the service of our Country. Service... in keeping the peace no less than in making war. We devote our efforts solely to the welfare of these men and women from all the Services. Men and women who have tried to give more than they could. Some are only 18, a few are nearly 80 years of age. We help them at home and in hospital. We run our own Convalescent Home. For some, we provide work in a sheltered industry, so that they can live without charity; for others, a Veterans' Home where they can see out their days in peace. These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help to repay this vast debt. It is owed by all of us.

"They've given more than they could— please give as much as you can."

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Sterling catches the holiday spirit

BY ARTHUR SANDLES

THE CHIEF executive of a medium sized British tour operator was wandering obviously worried through the corridors of a conference centre in Lisbon, a few weeks ago where the U.K. travel industry was having its annual gathering. He needed an aircraft, almost any aircraft, for a charter series in the summer of 1978. He was not the only one. Several companies have been searching for jets to carry the increased amount of traffic that many pundits are predicting for next summer.

At the moment it looks as if the customers will be there; the hotels will be there; but the charter jets to bring the two together will not be available. The British medium haul charter fleet no longer is big enough to handle a major increase in demand for foreign holidays. Dan Air ("the shortage is severe"), Laker ("it is desperate") and British Airways ("it will particularly hit the smaller operator looking for charter jets") are among the airlines confirming that they cannot meet demand from tour companies.

For the tour groups themselves this is not entirely bad news. Artificial restraints on competitive expansion mean that many operators will be running at pretty well full capacity this year. This, combined with the fact that the passengers will be full fare payers means it could be a profitable year, even if not one in which the market grows spectacularly.

Last summer was one in which the travel industry would like to forget. A price war erupted in the early summer because holidays were

not selling well. Perhaps it was the fine British summer of 1977, or perhaps it was just that the British were basically still too broke to fly anywhere, but predictions of a recovery appeared to go sadly wrong. There was a sudden revival towards the end of the summer, but it was not enough to reverse the overall position. In May and June of last year cheap flights to various European destinations were widely promoted, with scant regard for the intent of the licensing regulations even if they fell within the letter of the rules.

Full price

Cheap tickets are likely to be much less in evidence this year than last. The supply is unlikely to dry up completely, but any one searching for cheap flights to the more popular centres at the height of summer is likely to be disappointed. Tour companies and airlines are in business to get as much revenue per passenger as possible, and are not likely to indulge in charitable offers if they can sell everything at full price.

Clearly the message has got around. This time last year business was remarkably sluggish, and people were talking about the long Christmas and New Year holiday holding up decision making; now there is a rush to make reservations. Horizon Midlands, which is dropping the "Midlands" part of the name for marketing purposes, last week managed to take 4,000 bookings on one day—a record for the company. All the major operators are finding the most popular destinations

filling up fast for the summer months. Warnings from the Consumers' Association that people would be well advised to book later in the winter, when escape clauses in tour operating small print become inoperable, are obviously being brushed aside.

Various reasons are being offered for the boom. Clearly the rising international value of sterling has played a part. The appreciation against the peseta, the lire, the escudo and, of course, the dollar, may have been counteracted somewhat by inflation in one or two of those countries, but the traveller believes that he will get more for his pound. Weather is another factor. Just as the hot summer of 1976 depressed the foreign travel market in the first half of 1977, so the rains of last summer have encouraged more Britons to look abroad this year.

In spite of the reversal of the fortunes of the pound, it is probably naive to believe that any

tour operators will be giving refunds this year, in spite of the sudden rise of sterling. The tour companies argue that in their attempts to stabilise prices most of them have bought substantial quantities of currency forward, and are therefore committed to exchange rates less favourable than those available now on the spot market. Besides devaluations are frequently followed by immediate demands for more money from hoteliers—Spain was an example.

At first glance Spain emerges as the country with the most attractive change in exchange rate for the British, and there is little doubt that the Spanish tourism industry will benefit considerably. However, Spain has one of the highest inflation rates in Europe and the traveller who is delighted by the number of pesetas he collects when he goes to the bank, may be less pleased by the number he has to part with when he buys a meal. Labour costs have rocketed and many hotels have

HOW EXCHANGE RATES MOVED

(Units of local currency per pound)

	July 1977	Jan. 1978		July 1977	Jan. 1978
Austria	28.30	29.00	Netherlands	4.24	4.36
Belgium	61.85	62.90	Norway	9.15	9.83
Cyprus	0.75	0.73	Portugal	66.13	74.15
France	8.41	8.99	St. Lucia	4.64	5.18
Germany	4.00	4.03	Seychelles	12.33	13.33
Greece	63.45	65.71	Spain	119.75	155.10
Italy	1,522	1,670	Switzerland	4.19	3.81
Jamaica	2.15	2.39	Tunisia	0.73	0.77
Malta	0.73	0.75	Turkey	30	34.70
Mexico	39.56	43.20	U.S.	1.72	1.92
Morocco	7.55	8.15	Yugoslavia	31.42	33.70

Rates based on World Value of the Pound table published in the FT, on Tuesdays, using the first Tuesday of each of the months concerned. The rates quoted are normally those available for large dealings. Tourist rates are usually less favourable.



Fat years

There is a similar recovery of the Caribbean market as far as the British are concerned. Much of the area is dollar-linked and destinations such as Jamaica have also devalued. After the fat years of the 1960s many Caribbean islands have begun to learn that if tourists are overcharged for too long they go elsewhere. In the early 1970s the Americans started to go to Spain and Hawaii, and the Europeans looked to Africa and the islands of the Indian Ocean. Now the Caribbean looks tempting again—and destinations like the Seychelles are apparently catching Caribbean price fever.

The major worry about the currency changes is, of course, that Americans will travel abroad even less now that the

dollar is worth less. Obviously that is of some importance to the U.K., where tourist income is a significant contributor to the economy. Figures produced by the British Tourist Authority last week suggested that tourists spent £750m. alone on shopping in the U.K. The shopkeepers in Oxford Street reckon that the £250m. of this was spent in their stores.

American travel abroad has been wobbly for the past three years, partly because of the domestic recession and inflation in resort areas, but also thanks to determined efforts by American tourist industry itself to get Americans to stay at home. The weakening of the dollar can only strengthen this trend and few people seem to expect a resurgence of U.S. travel abroad this year.

A glance at the currency exchange levels again will show that this is but one black spot for incoming tourism in an otherwise fairly rosy picture. Exchange rates for most of the travelling nations, notably Germany and the Benelux countries, have remained pretty stable. There is, therefore, good reason to think that the residents of those countries will continue to consider Britain a good bet for holiday making.

It is an encouraging sign that European tourists are increasingly taking to the by-ways in Britain. Foreign number plates are to be found in ever growing numbers in the car parks of coastal caravan sites, and stuck

with the British themselves in the traffic jams to the West Country.

Where London is concerned, there has already been some doubt expressed whether the capital can handle many more tourists, particularly those demanding de luxe and first class accommodation. During the past two years the one-time oversupply of luxury hotel accommodation in London has become one of desperate shortage. This has pushed up hotel tariffs and caused a call for another round of hotel building. Meanwhile, London might do with a year of minimal growth in its up-market travel and open its arms to the European visitor who wants less plush accommodation which, it is claimed, still is in ample supply in the peak of last summer's tourist flood.

Currencies

It therefore appears that Britain can hope for the best of both worlds in the coming months. The pound is strong against the currencies of the countries that they most frequently visit; and with the exception of the U.S. the countries that send them most tourists also have strong currencies.

It is almost inevitable, however, that a solid and broadly based revival of the fortunes of sterling would have an impact on incoming traffic. The Swiss, the Austrians and the Germans have already discovered that.

LABOUR NEWS

Mersey dock talks fail to end strike

BY PAULINE CLARK, LABOUR STAFF

An early end to the three-week-old unofficial strike by Liverpool dockers seemed doubtful yesterday after local arbitration talks failed to produce a peace formula.

The strike—the first significant industrial disruption in the Merseyside port for more than four years—spread to a major part of the workforce earlier this week in a row over 60 men who forfeited their pay over the Christmas period for absenteeism.

Talks between a port employers' arbitration committee and shop stewards representing some 4,000 strikers in the Mersey Docks and Harbour Company broke up yesterday after only an hour.

The shop stewards will report back to other union leaders in the company to-day when a decision will be made on whether to recommend a return to work to a mass meeting of strikers on Sunday. Efforts may now be made to seek support from 2,300 men in independent stevedoring companies so far unaffected.

Last night the two sides seemed entrenched in their respective positions. The company reiterated its view that men

should not be paid while they are absent from work. It also strongly denied the strikers' claim that it had broken a joint agreement in a subsequent re-allocation of work to the dock gangs.

Strike leaders claim that the industrial action, which has now affected nearly 30 cargo ships in the port, stemmed from the "high-handed" action of a supervisor.

Mr. Dennis Kelly, chairman of the shop stewards' committee, said yesterday that the pay of two gangs had been stopped over Christmas when they left their shift half an hour early because of transport problems.

The supervisor had then organised free games on the quayside, contrary to correct procedure. "They herded them up like cattle, as in the old days, instead of through the control where the right men with the right skills are allocated the right jobs," Mr. Kelly claimed.

The company argues that under the agreed rules on work allocation, it is recognised that transfer of work must be at the employers' discretion, according to requirements and in the interests of efficiency. The rules were followed "faithfully,"

Traffic-level forecast methods criticised

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

CRITICISMS of the methods used by the Transport Department in forecasting traffic levels and assessing the value of road-building schemes are contained in a report to be published next week.

The Leitch Committee will tell the Government that it is paying insufficient attention to non-road solutions to transport problems, that its forecasting methods often have overestimated future traffic flows, and that its cost-benefit analyses contain significant omissions and are unbalanced.

The committee was set up by the Government last February under the chairmanship of Sir George Leitch, chairman of Short Brothers and Harland, after criticism about the department's methods at public inquiries into road schemes.

On the question of public hearings, the report criticises the unnecessary complexity of departmental presentations and says that supporting documents on a project should be freely available to those affected by a scheme.

But, the most basic attack on departmental practice is directed

against its use of simple extrapolatory techniques for forecasting traffic flows. The committee recommends a switch to what it calls a causal model, into which could be built critical policy assessments of such variables as future fuel supplies or changes in public attitude.

It says the actual cost-benefit technique is sound, but criticises the department for failing to apply similar analysis to possible alternative transport solutions such as rail.

In addition, the cost benefit analysis should be set in a framework and, in particular, should be made more sensitive to environmental factors. Although the final decision between a particular scheme and a "do-nothing" alternative inevitably would be a matter of personal judgement, at least a full presentation of alternatives would have been made.

Other main points

The department is criticised also for not checking the accuracy of its traffic calculations by doing before-and-after studies. Such a programme should be implemented immediately.

Other points from the report: Reliance should not usually be placed on the argument that trunk roads are critical to national economic development; More research should be done on the effects of road building on land use;

Consequences of a new road in public attitude should be assessed;

Schemes in the programme should carry a merit ranking a number of values, such as loss of time, fed into the cost-benefit analysis and should be reassessed;

Traffic counts should not be carried out in August, but in April or October or both;

Noise contour maps should give more information about alternative schemes;

Effects on local employment, loss of agricultural land, severance of farmland, severance of communities and loss of the "intrinsic value" of an area should be more carefully measured; and

Design standards should be made more flexible, the workings of the department's £8m. regional highway traffic computer model should be subject to outside scrutiny.

Limit on public spending growth to be set at 2%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S intention to limit the growth in public spending to about 2 per cent a year, in real terms, from now until the early 1980s will be disclosed in detail at the end of next week.

The full plans for 1978-79 until 1981-82 were finally agreed by the Cabinet just before Christmas and will be disclosed in the annual Expenditure White Paper next Thursday.

This probably will be about 150 pages long, judging by last year, and give details of individual spending programmes.

In addition, there will be close interest in the capital spending and financing plans of nationalised industries for the financial year 1978-79. This applies especially to the British Steel Corporation whose borrowing in the

current financial year has tested its cash limit ceiling.

The spending plans have been agreed with almost none of the criticism which characterised the Cabinet debate leading up to the series of cuts in 1978.

Most, but not all, of the cuts in public sector investment plans for 1978-79 made in July and December, 1976 have been restored, as was indicated last October. But this still implies a much lower level of public sector investment in 1978-79 than in the mid-1970s.

The Cabinet has accepted that the growth in public spending should be relatively modest, although Mr. Denis Healey, the Chancellor, hinted recently that there might be scope for some additional spending to be any

way this summer.

However, this is unlikely to make a significant difference to the fact that the present projected growth in public spending in real terms will be lower than the forecast expansion of the economy as a whole.

It is necessary, however, to take into account the relative price effect—the fact that public sector costs, notably wages, may rise more rapidly than costs and prices in the economy generally.

Consequently, the projected share of the public sector in the Gross Domestic Product at market prices may decline only slightly, and could stabilise after the sharp fall in 1977-78.

The plans for the later years are still provisional anyway and there might be scope for some additional spending to be any

Boilermakers terminate Swan Hunter agreement

MORE PAY troubles heaped up last night for Swan Hunter. The 3,500 boilermakers in the Tyne shipbuilding yards served 14 days' notice on the management to end their present working agreement.

This is their reaction to their pay differential being eroded by the recent £5.40 "fair wage" award to the consortium's 1,700 out-fitters and the prospect of the out-fitters jumping well ahead of them in earnings later this month when their Phase Three settlement falls due.

The out-fitters are negotiating with the management to settle their claim for pay parity with the boilermakers, and lift their

19-week-old overtime ban in the hope of still saving part of the Swan ship order for the Tyne.

One report last night said the out-fitters had been offered £1 on top of the £3.40 to settle.

But Mr. Bob Glass, district official of the Boilermakers' Society, said the out-fitters could be £7.28 a week ahead of his members after getting their Phase Three settlement.

Mr. Glass insisted that the boilermakers were not against pay parity with other trades, but if everyone was to be on the same rate then so far as the boilermakers were concerned it meant one man doing one job and not helping out with others.

Wages council backs 13%

BY OUR LABOUR STAFF

MINIMUM WAGES for about 300,000 workers in the retail food industry are to rise by up to 13 per cent, despite Government objections that the increases are outside its pay guidelines.

The Department of Employment objected to the proposal by the Retail Food Trades Wages Council to increase the statutory minimum rates of workers in the industry by between 11 and 13 per cent after it was put forward on December 9.

Although wages councils allow a statutory period of 14 days for objections to be lodged, it is rare for them to change a Government proposal, and in this case the council decided to go ahead.

Since the Employment Protection Act of 1975, Government Ministers have no power to veto decisions of a wages council, which are legally binding. The Department of Employment pointed out that wages councils fix only basic minimum rates, and that these never amount to more than £40 a week.

Safety ship men sign deal

THE FIRST formal union agreement covering North Sea oil rig safety ships was concluded yesterday in Aberdeen between the National Union of Seamen and Safetyships, a subsidiary of Christian Salvages (Oil Services). The agreement covers two of the North Sea's newest multi-purpose standby ships, the converted stern trawlers Harlow and

Kilsyth, built at Manchester dry docks at a cost of £400,000 each. Mr. Harry Bygate, Aberdeen secretary of the union, said: "This is a breakthrough, being the only British safety boat agreement for the North Sea. The union is recognised, and we have a satisfactory wages and conditions agreement, as well as a one-on, one-off leave system."

Actuaries estimate Post Office pension fund deficit at £1.7bn.

BY ERIC SHORT

THE POST OFFICE Staff Superannuation Fund, the largest pension fund in the U.K., has an actuarial deficiency of more than £1.7bn., according to the annual report for the year to March 31, 1977, published yesterday.

The report revealed that the actuarial valuation made by R. Watson and Sons, consulting actuaries to the fund, as at March 31, 1976, amounted to a deficit of £1.92bn. in respect of past service liabilities. The Post Office paid off £206m. of this deficit in the year under review.

This deficit arose when the Post Office became a nationalised corporation, instead of part of the civil service. This meant that pensions for employees, switched

to a funded basis from a pay-as-you-go system, causing a massive liability in respect of past service pension rights.

The recently published Carter report on the Post Office analysed the position thoroughly and questioned the need for such a large fund.

The report shows that the value of the fund increased by £330m. to £1.22bn. during the year and that £174m. was paid to more than 150,000 pensioners and other beneficiaries.

The fund managers invested £97m. in U.K. and overseas equities during the year, bringing the market value of the equity holding to £555m. The

fund invested heavily during the depressed market conditions surrounding the IMF negotiations. A further £51m. was invested in gilt-edged securities, bringing the market value of this portfolio to £128m.

The fund's other major investment area was property, in which nearly £61m. was invested during the year. The programme of improving the quality, balance and geographical spread of the portfolio was continued. The main emphasis was placed on office and shop properties. This took £33m., with £13m. being put into industrial holdings, nearly £6m. in agricultural land and £8m. in North America.

Economic Diary

MONDAY—House of Commons recesses after Christmas recess. Mrs. Margaret Thatcher, Opposition Leader, addresses Scottish Conservative Party industrialists' conference, Glasgow. Sir Charles Villiers, chairman, British Steel Corporation, speaks at Coal Industry Society lunch, Hyde Park Hotel, S.W.1. Cullery industry delegation meets Ministers for talks on Government support. BP statement on motor spirit.

TUESDAY—Meeting of craftsman's committee at British Leyland. Hire purchase and other instalment credit business (Nov.). Provisional figures of vehicle production (Dec.). Housing starts, completions and renovation.

Economic Diary

WEDNESDAY—South Wales miners' delegate conference on productivity deals. Bridgend, London clearing banks' monthly statement (mid-Dec.). U.K. banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-Dec.). Central Government financial transactions (including borrowing requirement) (Dec.). Mr. Roy Mason, Northern Ireland Secretary of State, at American Chamber of Commerce luncheon, Savoy Hotel, W.C.2. Mr. John Silkin, Minister of Agriculture, speaks at British in the U.K. National Liberal Club, S.W.1.

THURSDAY—Fire brigades conference meets to vote on call to end strike. National Union of Mineworkers executive meets. FRIDAY—Building Societies Association to discuss mortgage interest rate. Building Societies steel production (Dec.). Sir Jeremy Morse, chairman, Lloyds Banks, speaks at Scottish Economy, North British Hotel, Edinburgh.

M&G RECOVERY FUND FROM £10 A MONTH

Widely acclaimed by financial journalists and investment advisers, M&G's Recovery Fund, designed to produce capital growth, ended December as Britain's best-performing unit trust last year. It also leads over the one year, five year and seven year periods. It has a policy of buying the shares of companies that have fallen upon hard times. Many of these companies recover, and through a process of careful selection M&G has been able to bring high rewards over the years to Recovery Fund investors.

This offer enables you to start a Regular Monthly Saving Plan with the Recovery Fund through a life assurance policy for as little as £10 a month, and you are normally entitled to claim tax relief at current rates of £17 for each £100 paid. On a £10 Plan, tax relief at present rates can bring down your net monthly cost to only £8.30, with which you buy units worth considerably more.

Regular investment of this type also means that you can take advantage of the inevitable fluctuations

in the price of units through Pound Cost Averaging, which gives you a positive arithmetical advantage, because your regular investment buys more units when the price is low and fewer when it is high. You also get a life cover of at least 180 times your monthly payment throughout the period if your age at entry is 54 or under (women 58), and rather less up to 75.

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years. 81% to 94% (depending on your starting age) is invested except in the first two years when an additional 20 per cent is retained to meet setting-up expenses. This means that with tax relief the amount invested is between 97% and 113% of your payments.

Investors should regard unit trusts as a long-term investment and not suitable for money needed at short notice.

The price of units and the income from them may go down as well as up.

M&G is a member of the Life Offices' Association.

66 M&G Recovery Leads Unit Trusts FINANCIAL TIMES 3.9.77 99

The figures show that M&G Recovery was also top over one year, two years and six years. It was second over four years. SUNDAY TELEGRAPH 1.9.77

To: M&G GROUP LTD, THREE QUAYS, TOWER HILL, LONDON EC3R 6BQ. TELEPHONE: 01-625 4588.

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FROM £10 A MONTH I WISH TO SAVE £ each month in the M&G Recovery Fund.

I enclose my cheque for the first monthly payment, payable to M&G Trust (Assurance) Ltd. I understand that this payment is only provisional and that the company will not assume risk until formal notification of acceptance has been issued.

OCCUPATION DATE OF BIRTH

NAME AND ADDRESS OF USUAL DOCTOR (to whom reference may be made)

Are you an existing M&G Plan holder? Yes No

If you cannot sign Part I of the Declaration below, delete it and sign Part II.

Declaration PART I I declare that, to the best of my belief, I am in good health and free from disease, that I have not had any serious illness or major operation, that I do not engage in any hazardous sports or pursuits, that I do not engage in aviation except as a fare-paying passenger on recognised routes, and that no proposal on my life has ever been adversely affected.

PART II I agree that any declaration made by me in connection with this proposal shall be the basis of the contract between me and M&G Trust (Assurance) Ltd, and that I will accept their customary form of policy. I agree to provide any further information the company may require. (A specimen of the policy form is available on request)

SIGNATURE DATE

Registered in England No 1048359 Reg. Office as above. This offer is not available to residents of the Republic of Ireland.

THE M&G GROUP

COMPANY NEWS+COMMENT

Hollow ware closure at Burco Dean

IN A MOVE which highlights the difficult market prevailing for hollow ware, Burco Dean is to close its Hague and McKenzie subsidiary which markets a wide range of pots and pans under the Eastham Pottery label. Manufacturing will cease in the spring and the assets and property sold off.

The move comes less than a year since Burco announced a new enamelware and Continental range, which was expected to boost market share in an industry suffering not only from competition from the U.K. leaders such as BSR but also from Spanish and Italian imports.

Despite the new range Hague lost £227,000 in the year to September, its second year of losses. Closing it down and selling the assets will help to reduce bank borrowings which will probably be marginally higher in the next balance sheet (due out at the end of the month) than last year's £2.6m. Hague's assets alone in the books in 1976 at some £700,000.

The news of the Hague losses also puts a different complexion on the group's recovery announced in December. Pre-tax profits recovered to £1.1m from a mere £440,000 last year. It now appears that the new range of fitted kitchens and cooker hobs have been particularly successful and that sales of tumble driers may have been better than expected.

Next year's figures should continue to show improvement, according to the statement made by the chairman last month, though there will now be a terminal loss from Hague—described as "not material"—the loss will be treated as an extraordinary item.

Robert H. Lowe advances

ON TURNOVER for the year to October 28, 1977 of £49.2m, against £3.8m, pre-tax profits of clothing manufacturers Robert H. Lowe and Co. advanced from £353,273 to £440,333.

At midway when the profit rise was from £169,113 to £233,855 the directors said that the order book for the second half was healthy and provided the economic climate remained favourable they looked forward to another satisfactory year's trading.

Yearly earnings per 25p share are given at 12.32p (10.23p) and the final dividend is 3.02p net for a 3.9p (3.82p) total.

Gilts boom boosts jobbers bonus

OPERATION OF the profit-sharing scheme of Akroyd and Smithers, the large London stockjobbing concern, in a year of more than doubled profits strongly boosted the pay of the 350 employees in 1977-78, the annual report and accounts show.

No fewer than six directors and 35 other employees received gross remuneration of more than £20,000 in the year to September 30, 1977, when pre-tax profits of the group—active in the bond, gilt-edged market—jumped to £13.5m, from £7.2m. The average remuneration, allowing for the profit-sharing money, of the 358 employees (including those taken over with Stocken and Lazarus) in 1976-77 was £9,945, compared with £8,973 for 333 in the previous year.

A spokesman for the company said last night that salary increases had been restricted in accordance with that policy, but that, under that policy, the company had had the right to distribute whatever employees were entitled to under the existing profit-sharing scheme.

Mr. David LeRoy-Lewis, the chairman, describes the last year as a remarkable one and recalls that the gilt-edged market particularly benefited from the record total value of £14.5bn. of new Government stock issues.

The company's results should be considered against the background of the year's exceptional economic events and very favourable market conditions, he remarks in his annual statement. However, "the current year has been in a confused atmosphere, scarcely conducive to profitable trading." The upturn in the Bank

DIVIDENDS ANNOUNCED

Company	Current dividend	Date of payment	Corresponding dividend	Total dividend
Georv Tin Mines	1.00	Mar. 14	1.00	2.00
Robert H. Lowe	3.03	Mar. 14	2.62	5.65
Pontins	1.14	Apr. 27	1.63	2.77
Stead and Simpson	0.46	Feb. 17	1.84	2.30
D. C. Thomson	18.64	Feb. 17	18.64	37.28

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including supplemental 0.0254p.

Standstill at Stead & Simpson

TURNOVER excluding VAT of Stead and Simpson expanded by 19.5 per cent to £10.67m for the half year to September 30, 1977, but after higher net interest charges of £53,000 compared with £13,000, pre-tax profits were only 1.3 per cent above £286,000.

Turnover of the motor trading side advanced by 33.5 per cent to £4.05m, and trading profits were 61.8 per cent better at £170,000, up 12.3 per cent to £5.61m, but trading profits fell by 1.5 per cent to £241,000.

The directors say that third quarter turnover has shown an increase of 24.9 per cent, for foot-ware and 25.1 per cent for motor trading.

The interim dividend is effectively reduced from 0.4125p to 0.40p net per 25p share costing £132,430 (£118,800). Last year's total was equal to 1.884477p after the one-for-three scrip issue. Pre-tax profits were a record £1.80m.

Group turnover	1977	1976	Year
Footwear	10,667	8,924	19.5
Motor trading	4,051	2,998	33.5
Trading profit	1,911	1,313	45.5
Pre-tax profit	286	262	9.1
Interest charges	53	13	307
Pre-tax profit	233	249	6.4
Net profit	430	433	0.7
Excluding VAT	1,800	1,800	0.0

Fall seen by S. Heath

DESPITE AN uplift in taxable profits at Samuel Heath and Sons from £174,000 to £264,000 for the half year to September 30, 1977

of England's Minimum Lending Rate after its long fall is mentioned, but he also points to some favourable present influences as the lower-than-expected public sector borrowing requirement, the balance of payments surplus and falling inflation.

Mr. LeRoy-Lewis confirms that, as already reported in the Financial Times, Akroyd is considering the abolition of the 25 per cent surrender rule—whether to bring trading in South African gold mining shares, which were formerly traded in by Stocken and Lazarus, and which are at present dealt in by only one London jobber.

He also refers to the plan by Akroyd and other London jobbers to establish a market in a London version of traded share options and adds that it is hoped trading will begin in mid-1978.

The accounts show that at the year end, September 30, 1977, the company had bull positions of £20m, and bear positions of £20m.

They also record that the group acquired through the takeover of Stocken—and now holds through subsidiary Dutch subsidiary Akroyd and Smithers International—a 45 per cent interest in a small New York stockbroking firm, Cohn Delaire and Kaufman, which is based on the Boston Stock Exchange.

PATANI PARA

Following the receipt of consent from the Treasury it is proposed to transfer the control and

the directors say that the strength of sterling is now eroding margins and the company's position in export markets.

Also production budgets are not being achieved and indications are that the second half will produce a relatively poor result with the full year's profit, they say, almost certainly being less than the £242,000 for the 1976-77 year.

Turnover for the six months was ahead from £1m. to £1.3m. Tax took £137,000 against £90,000 leaving a net profit of £127,000 (£24,000). Last year's dividend was 2.90588p net per 50p share.

Turnover of the motor trading side advanced by 33.5 per cent to £4.05m, and trading profits were 61.8 per cent better at £170,000, up 12.3 per cent to £5.61m, but trading profits fell by 1.5 per cent to £241,000.

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Expansion strategy at Oliver Rix

MR. A. K. L. STEPHENSON, the chairman of Oliver Rix, tells shareholders that while not disregarding the fact that continuing consideration is required to maximise the benefits already achieved and the potential of the group, particularly the motors division, the directors have been carefully considering expansion of the company's network in an essential element of its future strategy.

As reported on December 13, in a full preliminary statement, for the year to September 30 the company turned in pre-tax profits of £132,000 compared with a loss of £76,524. Turnover fell slightly from £29.9m to £25.5m.

This expansion policy is encouraged and supported by both the company's bankers and suppliers, and is vital, the chairman adds, if the directors are to recommend future dividends.

Mr. Stephenson says that the company achieved trading profits for the first time in three years and that borrowings have been reduced by a further £0.8m, showing

management of Patani Para Plantations to Malaysia on January 11.

The self-employed get very little from the State in the way of pension, even under the new scheme starting in April. But they have the option of making arrangements by means of a contract with a life company, in a most tax efficient manner. Their contributions will rank for tax relief at the top rate. Investment made into a tax exempt fund, and the ultimate pension is taxed as earned income, with the option to commute part of that pension into a lump sum, that is completely free of taxes. Legal and General is offering this sort of scheme, its Personal Investment Pension Plan to the self-employed, with an investment fund choice of equities, property, fixed interest or managed.

Executive pension arrangements, effected quite separately from a company's mainstream scheme for employees, enable that company to provide pension and other benefits in a flexible fashion, with a much more rapid build-up in benefits. They also enable to show fringe benefits to controlling directors and senior executives in a most tax efficient manner. It is a very effective means of providing against Capital Transfer Tax and transferring money from the company to the executive. Such schemes are particularly attractive to the company and General's answer is its Executive Investment Retirement Plan.

Investors in both cases it is advisable for investors to seek professional advice, a point emphasised in the advertisement.

New contracts from L & G

Sales of pension contracts to the self-employed and to executives were the two main growth areas for the period. In addition, there was growth in general insurance. This week-end Legal and General Unit Assurance, the

ing a reduction over the last two years of £2.1m.

On September 30, Acema's assets stood at £12.5 per cent of the equity, on behalf of Lombard North Central.

Meeting, Bath, on February 6 at noon.

H. Wigfall slumps to midway loss

INCREASED COSTS coupled with pressure on profit margins at Henry Wigfall and Son resulted in a loss of £583,000 for the 36 weeks to October 13, 1977, compared with a profit of £454,000 last time.

Mr. F. C. B. Morrell, the chairman, says that the difficult trading conditions experienced during the 1976-77 year, when a lower profit of £1.09m (£1.41m) was reported, continued in the first half of the current year.

The policy of increasing turnover produced an uplift of 19.4 per cent to £15.67m, he states, and with no considerable increase in turnover levels being sustained, the company is now trading profitably. He is confident of a sufficient second half surplus to return to a reasonably stable economic climate.

The dividend for last year was 4.8425p net per 25p share.

comment

Wigfall's first-half results—£0.8m turnover to losses—have followed the same pattern as other high street electrical retailers. In a similar period, the retail division of Electronic Rentals incurred a £40,000 loss on sales of £2.6m.

The problem basically has been lower consumer spending (hitting sales of such items as colour television sets, refrigerators and audio equipment) and the effects of competition from the large discount stores. The integration of Lords probably accounts for much of the one-fifth increase in sales but there is also an element of new business in the rental division, which accounts for about 40 per cent of turnover. Apart from a small upturn in trading just before Christmas, trading in the second half so far has continued flat but the company is now trading profitably, and a second-half outcome similar to the first half is possible. That would put the shares, at 150p on a p/e of 23 (all tax charge) while the yield is 4.9 per cent on an unchanged dividend.

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REXMORE EXPANDS

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BIDS AND DEALS

Geers Gross £1.8m. U.S. expansion

BY KEITH LEWIS

IN A MOVE which will alter dramatically both the size and structure of the company, advertising agents Geers Gross has revealed a \$5.5m (£1.8m) U.S. take-over bid and fund-raising package. The announcement, which follows a suspension of dealings in Geers Gross shares on December 22, 1977, incorporates profits and dividend forecasts indicating a doubling in size of the company.

Geers Gross has agreed to pay \$3.5m for Richard K. Manoff Inc., a New York-based advertising agency. The total outlay is reduced by \$800,000, reflecting the fact that the U.S. assets will be retained by the vendors.

To pay for the acquisition, Geers Gross has arranged a complex financing deal, which includes a rights issue of Ordinary shares and a medium-term bank loan.

Out of a total proposed issue of 2,500,000 new Geers Gross shares, 1,500,000 will be offered to existing shareholders on the basis of one-for-one. Institutional shareholders have given undertakings already to apply for 800,000 of those shares.

In addition, arrangements have been made through stockbrokers Sheppards and Chase to place the remaining 1,500,000 shares and on that number 731,400 have been underwritten.

The directors of Geers Gross and U.S. resident shareholders, representing 45.3 per cent of the existing capital, are not eligible to take up the offer.

The second part of the £1.8m package is a £700,000 medium-term loan of five years, repaid by annual instalments. This facility, plus the cash raised through the share issue, will make up the sterling deposit for the back-to-back loan agreement.

The sterling deposit incorporates a 5 per cent margin to take account of any likely currency fluctuations.

The enlarged company is expected to produce pre-tax profits of not less than £885,000 in 1978. This figure takes into account annual interest charges of £28,000, a profits expectation of £913,000, and a 1978 dividend of 12.5p per share.

Presently constituted and the effect of the profit allocation formula that is part of the deal. The dividend is forecast at 3p per share on the enlarged capital.

When the quotation was suspended on December 22, the first five years ending December 31, 1982, the first £700,000 of

associated Portland Cement at that date was £153,313. However, it is anticipated that the revaluation will show a surplus above book value.

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Manoff's annual profits before management bonus, employee profit sharing and taxation, will be subject "to the disposition and control of Geers Gross. Under a similar structure, for the successive five years the first £1.2m will go to Geers Gross, with the next £800,000 going in bonus and profit sharing. Anything in excess of \$3 reverts to Geers Gross.

The 1977 profit forecast for Geers Gross is £280,000, which compares with £273,000 in the previous 12 months. Total dividends are forecast at £223,000, the maximum permissible under current restrictions.

Manoff expects to show profits before profit sharing, staff bonus and tax of £583,000 for the year to November 30, 1977, against £584,000 the year before. The amount attributable to Geers Gross for the 13 months ending December 31, 1977, is expected to be at least £442,000.

Manoff, which will continue to operate independently after the bid, is described as a leading national advertising agency which concentrates on package goods and other consumer products. The business was founded in 1958.

The proposals will be put to shareholders at an extraordinary meeting on January 24 and, on the basis of approval, a forthcoming deal is expected to resume on February 1.

Geers Gross has proposed an unusual package to finance its takeover of Manoff, comprising in part a back-to-back loan agreement, rights issue and part share placing. The new shares on offer at 41p compared with a suspension price of 51p while the forecast dividend increase is only 18.5 per cent. But the real benefit of this deal is the way in which the acquisition should transform profits at Geers Gross. The company, which has made for deferred tax and tax provided for against 1976 stock relief will be transferred to reserves.

Earnings per share fully diluted, will amount to 38.74p, compared with 32.5p in 1976. Increase in stocks (at cost) from £13.2m to £16.75m, these lift the book value of net tangible assets to 192p.

The figure does not include any element of revaluation. Mr. Tennant admits that 1976 does not reflect the company's true value, but believes that present worth would be impractical to assess. Although market value of the stocks is known as is the replacement value of the fixed assets, major adjustments would be needed to reflect goodwill and the benefits of Government grants and tax relief.

The Glenlivet Board and its advisers, Hambros Bank, content themselves with saying that the offer of 51p per share "adequately reflects the value of the shares in relation to both earnings and assets."

The documents also contain details of the offer for the Preference shares. At 75p it values them on a gross yield of 9.19 per cent.

Holders of the convertible loan stock are to receive £373.90 for every £100 nominal of stock. Since this figure is directly comparable to the offer for the Ordinary shares, stockholders are recommended not to exercise their conversion rights but to accept the convertible proposal.

The documents also reveal that Geers Gross is already Glenlivet's largest customer. In 1977 it bought 35 per cent of total whisky output and 50 per cent of all "The Glenlivet" sales in the U.S. were made through it.

The offer is subject to a number of conditions, including the fact that Tennant will join the main Seagram Board.

Black and Edgington, whose interests include the main assets and distribution of camping equipment, canvas goods and the operation of travel agencies, is a distributor of workwear and leisure clothing.

The condition

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Dow drops below 800 level

BY OUR WALL STREET CORRESPONDENT

SHARP AND widespread losses were recorded on Wall Street today and the Dow Jones Industrial Average plunged through the 800 level in heavy trading.

The Dow Jones Industrial Average dropped a further 11.43 to 793.49, making a fall of 37.68 over the holiday-shortened week — the last time the Dow closed below 800 was on October 2, 1973.

The NYSE All Common Index, at \$50.64, shed 61 cents on the day and \$1.86 on the week, while losses led gains by a more than five-to-one majority. Trading volume expanded 2.53m. shares to 26.15m.

Part of the weakness stemmed from foreign selling in view of

The D-J's steep drop was led by such institutional favourites as Du Pont, down another \$1 1/4 to \$111 1/4, and General Motors, off \$1 to \$89 1/4.

Allied Chemical lost \$1 1/4 to \$40 1/4, despite a coke plant because of a fire. Kimberly-Clark fell \$3 1/4 to \$39 1/4. General Chemical \$1 1/4 to \$38 1/4 and Marshall Field \$1 1/4 to \$31 1/4.

Armco Steel shed \$1 to \$27 1/4, despite its forecast of higher fourth quarter earnings. But heavily-traded Budd slipped ahead \$7 to \$31 on an acquisition offer.

OTHER MARKETS

Canada declines

All sectors declined in active trading on Canadian Stock Markets yesterday. The Toronto Composite Index fell 15.5 to 1022.9, Oil and Gas dropped 38.3 to 1365.4 and Metals and Minerals gave way 13.7 to 861.5.

PARIS — Shares fell, chiefly on technical factors and erased Thursday's gains.

In construction, Bouygues lost Frs 11.5, Pechain were down Frs 3.3 and Michelin Frs 4.5.

Electricals weaker, as were Metals, Chemicals and Hotels. Foreign stocks also lower, except for Golds and Nestle which tended higher.

BRUSSELS — Belgian shares mixed in quiet trading.

In Foreign Stocks, U.K. higher, Dutch, U.S. and French fell, Germans little changed.

Gold Mines higher.

AMSTERDAM — Mixed. Royal Dutch lost Fls 2.50 to 127.5 in weaker Dutch Internationals.

Shipping rose, with Van Oordenaer up Fls 2.5 to 138.5. Pakhoed gained Fls 4 to 4.5.

Banks mostly fell. Insurances generally higher. Industrial and Trading shares marginally mixed. State Loans firm.

GERMANY — Mixed, after early weakness stemming from profit-taking.

VW added DM 3.20 at 214.5 in active trading.

Steels gained at most DM 2 but Banks, leading Chemicals and Electricals dipped, while Stores were mixed.

Public Bonds gained up to DM 20.20, with Regulating Authorities selling DM 15m. nominal of stock.

Mark Eurobonds mixed to firmer.

OSLO — Bankings, Insurances, Shippings and Industrials quiet.

VIENNA — Closed yesterday.

COPENHAGEN — Higher in moderate dealings. Banks, Communications, Insurances and Shippings rose, while Commodities and Industrials had isolated weak spots.

MILAN — Mixed, with lower turnover confirming investor caution over uncertain political situation.

Leggieri, however, recovered slightly, reaching Lire 13,450 in after-hours trading against 13,110 at close.

Bonds mixed.

SWITZERLAND — Narrowly mixed, with sentiment more cautious after the decline on Wall Street and a slightly lower dollar.

Banks and Insurances generally steady. Financials mixed.

Dollar stocks generally fell, as did German and Dutch shares, apart from former VW and steady Mannesmann.

TOKYO — Higher in active trading.

400m. (\$70m.) shares — led by popular and "big capital" issues. Steels and Electricals rose throughout the day on active institutional buying.

JOHANNESBURG — Gold shares rose in line with bullion prices, while London and local demand in sporadic dealings.

Financials generally higher in line with Producers.

In Copper, Messias rose 5 cents to R17.0.

Asbestos share GEFCO put on 30 cents to R2.60, while Msimi gained 17 cents to R12.3.

South Africa mixed.

AUSTRALIA — Power with leading Industrials and Mines attracting profit-takers and buyers with drawing on concern over exchange rate.

OVERSEAS SHARE INFORMATION

NEW YORK				PARIS				LONDON				HAMBURG				BERLIN				MUNICH				STUTTGART				DUSSELDORF				FRANKFURT				Cologne				Dortmund				Essen				Duisburg				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn				Cologne				Düsseldorf				Duisburg				Essen				Dortmund				Mannheim				Karlsruhe				Heidelberg				Saarbrücken				Bonn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Suharto announces austere draft budget for Indonesia

Rise of 8% in bankruptcy in Germany

AUSTRALIAN TAKEOVERS

Two bids for Gillespie

CM takes control of Poulain

JAKARTA, Jan. 6. INDONESIA HAS unveiled an austere 1978-79 draft budget, featuring restrained growth in development spending and an increased dependence on non-oil sources of domestic tax revenues.

The plan, presented by President Suharto to Indonesia's parliament on Thursday, projects a 13.8 per cent increase in revenue and expenditures to Rp11.5 trillion from Rp10.2 trillion in 1977-78. The budget, following approval by parliament, will take effect from April 1.

The new budget indicates strongly that Indonesia will continue to stress cautious fiscal policies, despite the country's considerably improved overall financial situation.

Despite Indonesia's good export performance in 1977 and an increase in the country's foreign reserves to more than \$2.5 billion, a year earlier, President Suharto devoted little comment to those developments and none at all to Jakarta's rebound from the Pertamina crisis, reports the Asian Wall Street Journal.

Although noting that Indonesia's economic position had improved in 1977, President Suharto offered a cautious assessment of the economic outlook for the coming fiscal year. On the positive side, he said efforts to

JAKARTA, Jan. 6.

export earnings are estimated to reach \$4.65 billion in 1978-79, up 4.6 per cent from the current year's projections.

President Suharto stressed the importance of raising significantly non-oil sources of domestic revenues.

Noting that State revenues are projected to increase about 14 per cent from the current fiscal year to \$9.54 billion.

President Suharto added that the increase would have been much more if the Organisation of Petroleum Exporting Countries (OPEC), of which Indonesia is a member, had voted a price increase last month.

Indicating Indonesia's disappointment at the OPEC decision, President Suharto said the country has been "compelled to exploit more intensively different sources of revenues other than oil."

He said he has instructed government finance officials to increase the effectiveness of Indonesia's tax apparatus to boost non-oil revenues.

Suharto noted only that net oil

BY JAMES FORTH

SYDNEY, Jan. 6.

GILLESPIE BROS. Holdings, flour and baking group, to-day received two takeover offers.

Only two weeks after the company announced plans for a \$49.7m. merger with another flour and baking group, the first bid came from corporate takeover specialist, Industrial Equity Ltd. (IEL), which revealed that it was a mystery buyer which

had built up a 10 per cent stake in Gillespie in recent months through sharemarket purchases.

IEL did not disclose its offer terms but said they would be cash, and higher than the theoretical value of \$2.65 a share in the proposed merger with flour and bakery group, Fielders.

Another flour and baking group, Allied Mills, then announced that it intended to

offer \$2.60 cash a share. The per cent of the company to-day taking its holding to 50.3 per cent.

Among the sellers was IEL, which had earlier made a formal offer that was subsequently topped by the Howard Smith bid.

Wesfarmers won the battle although the \$2.45 cash was fractionally less after brokerage charges than the \$2.45 promised by Howard Smith, and well below Howard Smith's proposed share and cash alternative.

The directors, following Smith's recommendation, extended an offer of approximately \$2.46 to remaining shareholders, which they would

accept if the takeover was completed. Wesfarmers said it would consider its position designed to defeat a formal offer for the company, which it intended to take over.

Howard Smith, picked up 35 as practicable.

ON ANOTHER takeover front, the Western Farmers Co-operative (Wesfarmers) clinched the struggle for control of Cuming Holdings, which they would

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Howard Smith, picked up 35 as practicable.

The First Viking Commodity Trusts

Commodity OFFER 42.9

Trust BID 40.8

Double OFFER 92.8

Option Trust BID 87.0

Commodity & General Management Co Ltd

6 St George's Street

Douglas Isle of Man

Tel: 0524 4982

Postcode

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Australia delays uranium export until unions decide

CANBERRA, Jan. 6.

DEPUTY Prime Minister Doug Anthony announced here today that there would be no uranium shipments from Australia until mid-February when trade union members decide if they will support the mining and export of Australia's vast nuclear fuel reserves.

Mr. Anthony, who is also

WARDGATE COMMODITY FUND

at 30th December 1977 93.57-93.58

WCF MANAGER LIMITED

P.O. Box 73

St. Helier, Jersey

0534-259173

Next dealings 31st January 1978

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STATE ELECTRICITY utility

Electricite de France (EDF)

made a gross operating profit

of around Frs.950m. last year

compared with a Frs.621m. loss

in 1976, company advisers said,

reports Reuters from Paris.

The sources attributed the

recovery to the contribution of

hydroelectric power stations,

Financial Times Saturday January 7 1978

Table with multiple columns listing various financial instruments, companies, and their associated values or prices. Includes sections for 'LOCAL AUTHORITY BOND TABLE' and 'BUILDING SOCIETY RATES'.

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LOCAL AUTHORITY BOND TABLE

Table with columns: Authority, Interest, Minimum, Life of bond. Lists various local authorities and their bond offerings.

BUILDING SOCIETY RATES

Table with columns: Deposit, Share, Sub'n, Rate, Term. Lists various building societies and their interest rates for different deposit types and terms.

MINES - Australian (11)

Table with columns: Name, Price. Lists various Australian mining companies and their share prices.

MISCELLANEOUS (76)

Table with columns: Name, Price. Lists various miscellaneous companies and their share prices.

IRON, COAL & STEEL (27)

Table with columns: Name, Price. Lists various iron, coal, and steel companies and their share prices.

SHIPPING (48)

Table with columns: Name, Price. Lists various shipping companies and their share prices.

EURO CURRENCY INTEREST RATES*

Table with columns: Jan. 6, Jan. 7, Jan. 8, Jan. 9, Jan. 10, Jan. 11, Jan. 12, Jan. 13, Jan. 14, Jan. 15, Jan. 16, Jan. 17, Jan. 18, Jan. 19, Jan. 20, Jan. 21, Jan. 22, Jan. 23, Jan. 24, Jan. 25, Jan. 26, Jan. 27, Jan. 28, Jan. 29, Jan. 30, Jan. 31. Lists various Euro currency interest rates.

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FOREIGN EXCHANGES

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Statistics provided by data STREAM International

FINANCIAL TIMES STOCK INDICES

Net. Div. Yield	8.51	5.42	5.50	5.58	5.51	5.45
Dividend Yield	16.45	16.47	18.75	16.78	16.74	16.57
Div. Yield on P/B	8.62	8.61	8.48	8.45	8.47	8.56
Dividend Payout	6.426	6.231	4.747	4.178	4.818	3.365
Dividend Turnover Rat.	-	78.98	69.34	49.10	52.58	65.98
Div. Yield on P/B	-	15.287	14.715	12.097	11.949	12.198

10 a.m. 493.5, 11 a.m. 494.7, Noon 494.9, 1 p.m. 495.6,
2 p.m. 496.3, 3 p.m. 496.4
Latest Index: 81,245 8234.
* Based on 5¢ per unit. Corporation tax, 1% (11) = 5.5¢.
Basis 100 Unit Rev. 11/10/35. Faced Int. 1924 Int. Grid 17.35
June 12/35. SE Active: July-Dec. 1942. 3 Corrected.

	1977-78		Since Completion		Jan. 8	
	High	Low	High	Low		
1. 79.85	60.45	157.4	49.16	—Italy—	190.8	20
(50 1/2)	(4 1/2)	101.5	51.75	(111 Edged	222.2	20
		100.0	50.0	In-Islands		

Category	1982	1983	1984	1985	1986	1987
and Int.	81.23	60.49	150.4	30.58	Speculative	148.4
	(6.17)	(4.1)	(2.147)	(3.178)	Speculative	148.5
and Int.	549.2	557.6	549.3	49.4	Gia-bogel	180.4
	(1.1)	(1.1)	(1.1)	(1.1)	Industries	178.6
and Int.	174.5	95.1	442.3	45.5	Speculative	4.34
	(1.1)	(1.1)	(2.173)	(1.1)	Industries	180.3

usto Exploration stood out a few pence in light tw
Canadian as profit-taking Conzinc RioTinto were 8 low
ered the price by 12 to 75p. 167p after falling in Sydney
s over the last two days have night. Hamersley were 10
unted to 17p, following a rise at 170p and, in the coal
18 1/2p today when some Thores went 8 pence to 12

Coppers and tins were up 10¢ and Geever remained unchanged at 470¢ following its announcement of a sharp increase in yearly profits.

	Yesterday		On the	
	Up	Down Same	Up	Down
Sh. Funds	63	7	69	120
U.S. Dominion and Foreign Bonds	12	8	76	22
	527	710	1,420	785

Special and Prop.	148	119	245	384	628
ations	7	11	15	28	43
nt Issues	7	3	28	37	112
	46	16	61	174	312
	12	8	49	65	124
	834	438	1,224	2,345	2,853

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Information Service yesterday had new highs and lows for 1977-78.

NEW HIGHS (210)	AMERICANS (25)
Amaz	Hutton E.F.
Asarco Int	Int'l Information
Bulver Intl. Corp.	Morgan J.P.
CBS	Owens-Illinois
CPC	Shell Co.

CORPORATION LOANS (1)	Chase Manhattan	Singer
WEALTH & AFRICAN LOANS (3)	City Inv	Tenneco
LOANS (1)	Continental Oil	Tesco
BANKS (9)	Crown Zellerbach	Transamerica
BEERS (9)	Evans	Woolworth
BUILDINGS (27)	Firestone Tire	Xerox Corp.
CHEMICALS (2)	Flour Corn	Xerox Inc.
	Ford Motor	
		CANADIANS (5)
		Bank Nova Scotia
		Bayview Bk of

CINEMAS (3)
DRAPERY & STORES (9)
ELECTRICALS (4)
ENGINEERING (25)
FOODS (2)
HOTELS (15)
INDUSTRIALS (46)
INSURANCE (12)
MORTGAGES (19)
MOLLINGER Inland Nat Gas Toronto Dom
BANKS (3) Natl Bank Ag
BANK AMERICA COMM. AMST.
LALARGE S.A. BUILDINGS (1)
RIVER A.G. CHEMICALS (3)
HOECHST NORST HYDRO
ENGINEERING (3)

NEWSPAPERS (2)
PAPER & PRINTING (3)
PROPERTY (28)
SHIPBUILDERS (1)
SHIPPING (1)
SHOES (2)
TEXTILES (9)
TRUSTS (11)
OVERSEAS LEADERS (1)
RUBBERS (1)

NEW LOWS (51)
BRITISH FUNDS (7)
 5 DEC 1981

OVERSEAS TRADERS (11)
RUBBERS (51)
MINES (12)
 Western Mining Tara Exploration

TAPE INDICES

SHARE INDICES

the Institute of Actuaries and the Faculty of Actuaries

Year	Share Index
1900	100
1901	102
1902	105
1903	108
1904	110
1905	112
1906	115
1907	118
1908	120
1909	122
1910	125
1911	128
1912	130
1913	132
1914	135
1915	138
1916	140
1917	142
1918	145
1919	148
1920	150
1921	152
1922	155
1923	158
1924	160
1925	162
1926	165
1927	168
1928	170
1929	172
1930	175
1931	178
1932	180
1933	182
1934	185
1935	188
1936	190
1937	192
1938	195
1939	198
1940	200
1941	202
1942	205
1943	208
1944	210
1945	212
1946	215
1947	218
1948	220
1949	222
1950	225
1951	228
1952	230
1953	232
1954	235
1955	238
1956	240
1957	242
1958	245
1959	248
1960	250
1961	252
1962	255
1963	258
1964	260
1965	262
1966	265
1967	268
1968	270
1969	272
1970	275
1971	278
1972	280
1973	282
1974	285
1975	288
1976	290
1977	292
1978	295
1979	298
1980	300
1981	302
1982	305
1983	308
1984	310
1985	312
1986	315
1987	318
1988	320
1989	322
1990	325
1991	328
1992	330
1993	332
1994	335
1995	338
1996	340
1997	342
1998	345
1999	348
2000	350
2001	352
2002	355
2003	358
2004	360
2005	362
2006	365
2007	368
2008	370
2009	372
2010	375
2011	378
2012	380
2013	382
2014	385
2015	388
2016	390
2017	392
2018	395
2019	398
2020	400

ago years)		Highs and Lows Index	
Index No.	Index No.	1977-78	Since Compilation

		HIGH	LOW	HIGH	LOW
8.95	136.00	228.03 (14/9/77)	135.13 (4/1/77)	228.03 (14/9/77)	50.71 (13/1/77)
1.90	113.37	214.72 (24/10/77)	112.11 (5/1/77)	233.84 (2/5/72)	44.27 (11/1/77)
1.20	179.73	379.99 (24/10/77)	167.99 (4/1/77)	389.33 (19/5/72)	71.48 (2/1/77)
2.21	266.34	483.69 (21/10/77)	265.35 (11/1/77)	483.69 (21/10/77)	84.71 (25/1/77)

75	171.17	332.22 (13/9/77)	168.98 (4/1/77)	332.22 (13/9/77)	64.39 (2/1/77)
9.92	126.54	187.45 (14/9/77)	125.42 (12/1/77)	187.45 (14/9/77)	45.45 (6/6/77)
7.70	116.49	171.02 (14/9/77)	112.25 (4/1/77)	177.41 (27/1/72)	49.68 (6/6/77)
3.59	118.49	213.75 (21/10/77)	117.21 (12/1/77)	227.78 (21/4/72)	38.39 (6/6/77)
1.31	131.04	261.72 (21/10/77)	129.69 (12/1/77)	261.72 (21/10/77)	42.85 (13/1/77)
1.64	157.41	186.12 (21/10/77)	186.12 (21/10/77)		

127.41	139.05	(21/10/77)	122.51	(14/11/77)	263.22	(04/12/77)	63.92	(10/12/77)
50	78.36	(15/11/77)	77.27	(12/11/77)	170.59	(15/11/77)	93.91	(10/12/77)
138.40	213.83	(21/10/77)	136.79	(12/11/77)	226.06	(16/10/77)	61.41	(13/11/77)
151.54	256.74	(6/12/77)	143.23	(14/12/77)	281.87	(28/11/77)	69.47	(13/11/77)
159.98	254.45	(29/12/77)	156.15	(14/12/77)	257.40	(13/11/77)	78.88	(13/11/77)
175.38	272.82	(21/10/77)	172.97	(14/12/77)	329.99	(12/12/77)	54.83	(14/11/77)

00	132	21.63	(21.60T)	150.84	(41.7T)	214.63	(21.60T)	59.67	(11.7T)	
01	153	244.41	(27.10T)	131.15	(22.0T)	244.41	(27.10T)	54.25	(11.7T)	
02	159	204.25	360.82	(61.7T)	201.08	(22.1T)	360.82	(61.7T)	55.08	(6.1T)
03	97	92.16	144.21	(14.9T)	90.24	(5.1T)	144.21	(14.9T)	43.43	(6.1T)
04	92	111.48	204.22	(27.10T)	109.35	(22.1T)	204.22	(27.10T)	52.66	(6.1T)
05	125	40.40	181.41	(15.9T)	122.71	(5.1T)	235.72	(17.2T)	62.66	(6.1T)
06	95	208.30	243.86	(7.4T)	191.41	(16.2T)	235.72	(17.2T)	68.34	(17.2T)

79	77.78	213.68	272.0777	76.24	62.7777	135.72	166.1777	20.92	67.7777
79	147.55	213.70	0.4777	144.93	0.2777	213.70	0.4777	58.63	77.7777
77	209.04	295.30	0.4777	204.26	0.2777	295.10	0.4777	71.20	0.7777
77	0.00	262.92	0.5777	259.87	0.4777	262.92	0.5777	259.87	0.7777
54	80.39	141.25	0.5777	77.65	0.4777	246.06	1.0777	45.34	0.7777
77	611.91	539.68	0.8577	405.40	0.4777	539.68	1.0577	90.80	0.2777
88	143.06	21.39	0.2777	140.44	0.2777	259.87	0.4777	259.87	0.7777

34	145.63	222.32	142.08	222.12	59.01
35	143.67	222.32	142.08	222.12	59.01
36	141.71	222.32	142.08	222.12	59.01
37	139.75	222.32	142.08	222.12	59.01
38	137.79	222.32	142.08	222.12	59.01
39	135.83	222.32	142.08	222.12	59.01
40	133.87	222.32	142.08	222.12	59.01
41	131.91	222.32	142.08	222.12	59.01
42	129.95	222.32	142.08	222.12	59.01
43	127.99	222.32	142.08	222.12	59.01
44	126.03	222.32	142.08	222.12	59.01
45	124.07	222.32	142.08	222.12	59.01
46	122.11	222.32	142.08	222.12	59.01
47	120.15	222.32	142.08	222.12	59.01
48	118.19	222.32	142.08	222.12	59.01
49	116.23	222.32	142.08	222.12	59.01
50	114.27	222.32	142.08	222.12	59.01
51	112.31	222.32	142.08	222.12	59.01
52	110.35	222.32	142.08	222.12	59.01
53	108.39	222.32	142.08	222.12	59.01
54	106.43	222.32	142.08	222.12	59.01
55	104.47	222.32	142.08	222.12	59.01
56	102.51	222.32	142.08	222.12	59.01
57	100.55	222.32	142.08	222.12	59.01
58	98.59	222.32	142.08	222.12	59.01
59	96.63	222.32	142.08	222.12	59.01
60	94.67	222.32	142.08	222.12	59.01
61	92.71	222.32	142.08	222.12	59.01
62	90.75	222.32	142.08	222.12	59.01
63	88.79	222.32	142.08	222.12	59.01
64	86.83	222.32	142.08	222.12	59.01
65	84.87	222.32	142.08	222.12	59.01
66	82.91	222.32	142.08	222.12	59.01
67	80.95	222.32	142.08	222.12	59.01
68	78.99	222.32	142.08	222.12	59.01
69	77.03	222.32	142.08	222.12	59.01
70	75.07	222.32	142.08	222.12	59.01
71	73.11	222.32	142.08	222.12	59.01
72	71.15	222.32	142.08	222.12	59.01
73	69.19	222.32	142.08	222.12	59.01
74	67.23	222.32	142.08	222.12	59.01
75	65.27	222.32	142.08	222.12	59.01
76	63.31	222.32	142.08	222.12	59.01
77	61.35	222.32	142.08	222.12	59.01
78	59.39	222.32	142.08	222.12	59.01
79	57.43	222.32	142.08	222.12	59.01
80	55.47	222.32	142.08	222.12	59.01
81	53.51	222.32	142.08	222.12	59.01
82	51.55	222.32	142.08	222.12	59.01
83	49.59	222.32	142.08	222.12	59.01
84	47.63	222.32	142.08	222.12	59.01
85	45.67	222.32	142.08	222.12	59.01
86	43.71	222.32	142.08	222.12	59.01
87	41.75	222.32	142.08	222.12	59.01
88	39.79	222.32	142.08	222.12	59.01
89	37.83	222.32	142.08		

06	85.45	199.47	၇၁၈၇၇	84.52	၆၈၇၇	433.74	၄57၇2	38.83	၁၁၇၇
24	104.67	159.05	၁၁၇၇၇	100.97	၁၁၇၇၇	194.46	၁၁၇၇2	44.88	၁၁၇၇
57	97.14	161.72	၆၈၇၇၇	95.14	၁၇၇၇	161.72	၁၇၇၇၇	43.96	၁၇၇၇
88	236.03	371.53	၁၇၇၇၇	225.75	၁၇၇၇၇	371.53	၁၇၇၇၇	65.86	၁၇၇၇
97	61.62	97.82	၇၁၇၇၇	59.49	၁၇၇၇	278.57	၁၇၇၇2	31.22	၇၁၇၇
71	145.65	253.62	၆၇၇၇၇	142.69	၇၁၇၇	357.40	၇၁၇၇၇	56.01	၇၁၇၇
64	75.70	113.18	၁၇၇၇၇	72.84	၇၁၇၇	203.18	၇၁၇၇၇	23.39	၁၇၇၇

85	158.39	209.22	(7/10/77)	155.19	(7/12/77)	245.79	(25/4/77)	71.63	(13/3/77)
86	217.30	105.96	(20/9/77)	83.60	(15/2/77)	175.90	(28/4/68)	64.31	(30/1/77)
87	87.30	297.81	(15/9/77)	214.80	(5/1/77)	297.81	(15/9/77)	97.37	(6/1/77)
88	156.15	226.99	(21/10/77)	153.70	(12/1/77)	228.18	(1/5/77)	61.92	(13/1/77)

No.	Frt. Jan. 5	Burk. Jan. 5	Year age (approx.)	1977-78	
				Highs	Low.
	7.18	7.13	9.9%	10.48 (4/1/77)	5.81 (6/18/77)
	9.25	9.21	12.16	12.36 (4/1/77)	8.76 (30/7/77)
	9.87	9.84	13.3%	13.36 (11/1/77)	9.63 (30/7/77)

9.43	9.38	12.92	13.32	(41.77)	8.73	(26.97)
10.31	10.27	13.50	13.89	(41.77)	9.70	(30.97)
10.47	10.43	13.95	14.27	(41.77)	9.91	(30.97)
9.93	9.83	13.88	14.27	(41.77)	8.93	(30.97)
11.29	11.23	14.64	14.99	(41.77)	10.78	(30.97)
11.37	11.34	14.73	15.08	(41.77)	10.86	(30.97)
11.20	11.16	15.07	15.32	(41.77)	10.65	(30.97)

Pri. 25	Year ago appr.	1977/78		Since Completion	
		Highs	Lower	Highs	Lower
2.11	47.52	63.55 (31)	46.97 (41)	113.43 (24)	87.91 (31)

22	46.76	57.52	(6/1)	44.78	(6/1)	114.47	(13/65)	34.45	(12/12)
72	46.76	79.53	(6/10)	58.76	(6/1)	114.96	(7/10)	47.57	(12/12)
<p>Base Value</p> <p>129.96</p> <p>114.13</p> <p>114.13</p> <p>96.57</p> <p>198.00</p>									

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